

**Balancing Authority of Northern California**

# Regular Meeting of the Commissioners of BANC

**2:00 P.M.**

**Wednesday, May 20, 2020**

**Telephonic Meeting Only**

# Balancing Authority of Northern California

## NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **May 20, 2020 at 2:00 p.m. The meeting will be telephonic only.**

The following call-in information is being provided as the forum by which members of the public may observe the meeting and offer public comment:

Phone number: 1-408-418-9388  
Meeting number (access code): 621 069 001

### AGENDA

- 1 Call to Order.**
- 2 Matters subsequent to posting the Agenda.**
- 3 Public Comment** – any member of the public may address the Commissioners concerning any matter on the agenda.
- 4 Consent Agenda.**
  - A. Minutes of the Special Commission Meeting held on May 7, 2020.
  - B. BANC Operator Report (April).
  - C. Compliance Officer Report (May).
  - D. PC Committee Chair Report (May).
  - E. General Manager’s Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
  - A. EIM Phase 2 Update.
  - B. EDAM Update.
  - C. SB100 Effort Update.
  - D. Consider and Possibly Approve Resolution 20-05-08 *Acknowledgement and Acceptance of the 2020 Summer Load & Resources Assessment of the Balancing Authority of Northern California.*
  - E. Consider and Possibly Approve Resolution 20-05-11 *Authorization to Execute Amendments to the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC and Amend Schedule 2 of the Dynamic Transfer Balancing Authority Operating Agreement.*
  - F. 2020 Strategic Planning Session.
- 6 Closed Session:** Conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov’t Code § 54956.9; one case.
- 7 Adjournment.**

Accessible Public Meetings - Upon request, BANC will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service at least 3 days before the meeting. Requests should be sent to: Kris Kirkegaard, 555 Capitol Mall, Suite 570, Sacramento, CA 95814 or to [kirkegaard@braunlegal.com](mailto:kirkegaard@braunlegal.com).

## **Balancing Authority of Northern California**

# Consent Agenda Items

- A. Minutes of the May 7, 2020 BANC Special Meeting.**
- B. BANC Operator Report (April).**
- C. Compliance Officer Report (May).**
- D. PC Committee Chair Report (May).**
- E. General Manager's Report and Strategic Initiatives Update.**

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS OF THE  
BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

May 7, 2020

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held telephonically.

Representatives Present:

<b>Member Agency</b>	<b>Commissioner</b>
Modesto Irrigation District (MID)	James McFall
City of Redding	Dan Beans, Chair
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Paul Lau
City of Shasta Lake	James Takehara
Trinity Public Utilities District (TPUD)	Paul Hauser

<b>Agency</b>	<b>Liaison(s)</b>
Western Area Power Administration (WAPA)	Absent

1. Call to Order: Ms. Kirkegaard took roll call to establish that a quorum was present, and Chair Beans called the meeting to order at 1:01 p.m.
2. Matters Subsequent to Posting the Agenda: As part of the Regular Agenda Items, Mr. Shetler noted that he would like to update the Commission on the status of the planned regular Commission meeting on May 20<sup>th</sup> prior to adjournment.
3. Public Comment: Chair Beans invited comments from the public and none were given.
4. Approval of the Minutes of the Regular Commission Meeting held on April 22, 2020: Mr. Hauser moved, Mr. Lau seconded, and a roll call vote was taken. The participating Commissioners unanimously approved the Minutes of the Regular Commission Meeting held on April 22, 2020.
5. Regular Agenda Items – Discussion and Possible Action:
  - A. Mr. Shetler reviewed the proposed budget revision with the Commission. The proposed base budget reduction is \$280,000. Two Project Agreements (PA) also include proposed reductions. PA-4: EDAM Evaluation includes an anticipated \$23,000 reduction resulting from the legal support structure being converted from hourly to a monthly fixed fee. PA-5: EIM Participation (Phase 1) includes a \$150,000 reduction in EIM stakeholder support. Total PA proposed budget reductions are estimated at \$173,000. The total impact of reductions to the 2020 budget is \$453,000. Mr. McFall raised a question regarding item 1d in Attachment A to the resolution, which did not reflect the noted redline change. Mr. Shetler agreed that this was an error; the change will be reflected in the approved resolution.

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS OF THE  
BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

Mr. McFall moved, Ms. Bertolino seconded, and a roll call vote was taken. The Commissioners voted unanimously in favor of Resolution 20-05-01 *Approval of Revised 2020 Annual Budget for BANC*.

- B. Mr. Shetler noted that the revised Braun Blaising Smith Wynne, P.C. reflected the proposed changes previously reviewed under the prior agenda item.

Mr. Lau moved, Mr. McFall seconded, and a roll call vote was taken. The Commissioners voted unanimously in favor of Resolution 20-05-02 *Authorization of Amended Legal Services Agreement with Braun Blaising Smith Wynne, P.C.*

- C. Mr. Shetler reviewed the need for the cost sharing agreement with WAPA-SNR resulting from WAPA-SNR's interest in participating in the EDAM PA included in the 2020 BANC budget.

Ms. Bertolino moved, Mr. McFall seconded, and a roll call vote was taken. The Commissioners voted unanimously in favor of Resolution 20-05-03 *Authorization of EDAM Cost Sharing Agreement with WAPA-SNR*.

Mr. Shetler indicated that two potential action items could necessitate a May 20th Commission meeting. A decision will be made in the coming week based on the status of those items.

The meeting was adjourned at 1:19 p.m.

Minutes approved on May 20, 2020.

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C. Anthony Braun, Secretary



# BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. BOX 15830 • D109 • SACRAMENTO • CA 95852 -1830

**TO:** BANC Commission

**RE:** BANC Operator Report for April 2020

## Operations:

- BA Operations: Normal
- Significant BA Issues: None
- NWPP Reserve Energy Activations
  - 1 contingency requiring activation of NWPP
  - 266 MW average generation lost
  - 266 MW maximum generation lost
  - Generating unit(s) and date(s) affected: Cosumnes 4/21
  - All recoveries within 8 minutes
- USF
  - 1 of 30 days with instances of USF mitigation procedure utilized
  - 0 days on Path 66
  - No operational impact on BANC
- BAAL Operation:
  - Maximum duration of BAAL exceedance: 5 minutes
  - Number of BAAL exceedance >10 minutes: 0
  - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
  - 2020 Frequency Response Obligation (FRO): -14.7 MW/0.1 Hz

## Monthly Notes:

- No additional notes or impacts for April 2020

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,  
City of Shasta Lake, and Sacramento Municipal Utility District

# Compliance Officer Report

## BANC Commission Meeting

### May 2020

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The following summarizes routine issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

#### **BA Compliance Issues:**

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- On May 1<sup>st</sup>, WECC announced that it would no longer require Balancing Authorities to provide peak demand allocation data formerly required as part of the annual PRC-006-WECC-CRT-3 annual data submittal, thus incrementally easing BANC's requirements on a going-forward basis.

#### **BANC MCRC:**

- At the April 27<sup>th</sup> meeting, MCRC members received a briefing on the SMUD/BANC approach to risk awareness and mitigation as it relates to reliability and security, with an emphasis on internal controls and the NERC CIP Standards.

The next BANC MCRC teleconference is scheduled to be held at 10:00 AM on Monday, May 18, 2020.

# PC Committee Chair Report

## BANC Commission Meeting

### May 2020

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The following summarizes Planning Coordinator-related issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

#### **BANC PC Committee Issues:**

- SMUD staff continue to work toward demonstrating compliance with PC-related NERC reliability standards.
  - FAC-002-2 - Interconnection Studies – There are three material modification projects in the BANC PC area: SMUD's Hurley-Procter Reconductoring Project, scheduled to be in service by the end of 2020; SMUD's Hurley – Natomas 230 kV Line Rating Increasing Project, expected to be in service in the spring of 2021; and REU's Eureka – Oregon 115 kV transmission line reconductoring project, which is expected to be completed in fall of 2021.
  - FAC-010-3 - System Operating Limits (SOL) Methodology for the Planning Horizon – Staff is updating the SOL Methodology. A draft will be sent for PC Participants to review by the end of May.
  - PRC-006-3 - Underfrequency Load Shedding – Staff has sent a data request to BANC PC participants. Data are due by 05/22/2020.
  - PRC-023-4 and PRC-026-1 – Staff has finalized the study plans for these two standards and is currently working on powerflow assessments. Preliminary study results will be sent out for review by the end of May.
  - TPL-001-4 - Transmission System Planning Performance – Staff is currently working on preliminary study results, which will be sent out for review on May 29<sup>th</sup> as scheduled.
  - TPL-007-3 - GMD Transmission Performance – Staff is updating the TPL-007-4 R1 Vulnerability Assessment Responsibilities Agreement for the BANC PC Area, which will be enforced on 10/01/2020. The Agreement will be sent to BANC PC participants to review by 5/29/2020.

The table below shows the current status of all PC-related standards:

	<b>PC Standard</b>	<b>Estimated % Complete</b>	<b>Notes</b>
1	FAC-002-2 Interconnection Studies	25%	There are 3 materially modifying transmission facilities projects within the BANC area this year.
2	FAC-010-3 SOL Methodology for Planning Horizon	66%	Staff is updating the methodology. A draft for review will be sent out by end of May, 2020.
3	FAC-013-2 Transfer Capability for Near-Term Planning Horizon		BANC PC study plan is expected by end of July, 2020.
4	FAC-014-2 Establish and Communicate SOLs		BANC PC study plan is expected by beginning of July, 2020.
5	IRO-017-1 Outage Coordination		Will send out 2020 annual assessment report in October.
6	MOD-031-2 Demand and Energy Data	100%	2020 Loads and Resources supplement Data Request III sent to WECC end of March.
7	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
8	MOD-033-1 System Model Validation		Data request in June, 2020.
9	PRC-006-3 Underfrequency Load Shedding	33%	Data is due by 05/22/2020.
10	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
11	PRC-012-2 Remedial Action Schemes	20%	New Standard to be effective on 1/1/2021. Study Plan has been finalized on 4/10/2020.
12	PRC-023-3 Transmission Relay Loadability	40%	Study plan has been finalized. Preliminary study results are expected on 05/29/2020.
13	PRC-026-1 Relay Performance During Stable Power Swings	33%	Study plan has been finalized. Preliminary results are expected on 05/29/2020.
14	TPL-001-4 Transmission System Planning Performance	40%	Preliminary study results are expected 5/29/2020.
15	TPL-007-4 R1 GMD	50%	Update vulnerability Assessment Responsibilities Agreement for the BANC PC Area. The Agreement will be sent to Members to review by 5/31/2020

# GM Report

## BANC Commission Meeting

### May 20, 2020

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I wanted to summarize routine issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

#### **Outreach Efforts:**

Refer to GM outreach report provided under separate distribution. In addition, here are some other noteworthy items:

#### **LADWP/Seattle City Light/SRP/TID/Tacoma Power**

Dialogue continues with these entities regarding EIM participation. Based upon the group's discussions, we have agreed to continue to interact on an informal basis to make sure we are on the same page on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. To date, we have collaborated with the other POUs on joint language to use in the EIM Entity agreement that we will all need to sign for EIM operations, on how to address market-based rate authority with DMM, potential common language for OATT revisions, and joint comments on the EIM governance issues. We have also used this forum to discuss POU positions regarding the EDAM development. In addition, we have worked with the other three entities to agree upon the joint funding of BBSW to monitor CAISO interfaces for us. We have also confirmed Tacoma Power and TID interest in participating in the group. On April 1, 2020, both SRP and Seattle City Light went live with EIM. Feedback is that the transitions were smooth with no major issues.

#### **POU Western Markets Initiative**

BANC continues to participate in this effort, which is being coordinated by APPA. The group continues to evaluate how best to represent the POUs in the ever-changing power markets in the West. Our next meeting is scheduled for a webinar on May 19<sup>th</sup>.

#### **Coronavirus Restrictions**

With the increased restrictions on public gatherings and travel, BANC is moving to more remote meeting attendance, both for our own internal member meetings as well as outside meetings for the foreseeable future. We will maintain this approach until public health authorities advise the restrictions can be relaxed. In addition, the BANC BA Operator (SMUD) has instituted measures to reduce coronavirus risks,

including stay at home for most employees with only essential staff working at the offices.

## **BANC Summer Assessment**

The BANC Operations Committee has completed its annual summer assessment review. The results of the review are showing an estimated peak of 4484 MW and an estimated operating reserve margin of 42.9% for the BANC footprint. The results of the summer assessment will be presented to the Commission for acceptance at the May Commission meeting.

## **Market Initiatives:**

### **EIM Participation**

The BANC EIM Phase 1 implementation effort was completed on April 3, 2019, with the successful go-live of BANC as the EIM Entity and SMUD as a Participating Resource. We are now monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC/SMUD is seeing benefits from the EIM participation.

With respect to BANC EIM Phase 2 effort, staff is coordinating with the Phase 2 participants and Utilicast to move forward with implementation. The main focus for the project is defining WAPA transmission use approach, defining how the deviation band will be handled under EIM, and determining cost allocations methodologies for the various EIM cost codes. We have reached a tentative agreement on the WAPA transmission. WAPA and the members continue to discuss how the deviation band can be used in the EIM. The cost allocation methodologies effort is proceeding well with initial agreement on all of the cost codes. We have initiated discussions on metering and Resource Sufficiency/Flex Ramp test approach. We are working with CAISO to resolve some of the unique issues associated with the BANC structure. The feedback is that the CAISO will be able to support our needs. In addition, we have finalized an initial draft BANC EIM Business Practices that WAPA can reference for their upcoming OATT and Rates processes. Next step is to now review the Business Practices with the full EIM Committee for concurrence. Our goal is to bring the Business Practices to the Commission for approval by early fall.

### **EDAM Participation**

The EDAM Feasibility Assessment is complete. The CAISO issued an initial EDAM issues white paper on October 10 and held a stakeholder webinar on October 17. The CAISO requested comments on the issues white paper by November 22, with the EDAM Entities filing joint comments and BANC also filing supporting comments. It is expected that the CAISO will use most of 2020 to conduct the formal stakeholder process, including development of a straw proposal for EDAM, followed by tariff filings at FERC. The EDAM Entities (including BANC) were active participants in the first EDAM public stakeholder workshop on February 11-12,

2020. Stakeholder comments have been submitted and the EDAM Entities are in the process of digesting the comments to determine next steps. The CAISO has indicated that the impacts of COVID-19 and the other market policy issues they are addressing will result in a delay of the EDAM issue paper from April to June. This will impact the overall EDAM stakeholder and design development process. An EDAM go-live, if there is sufficient interest by EIM entities to participate, will likely slip beyond the 2022 timeframe.

## **WAPA:**

### **Market Engagement**

We have included WAPA-SNR in our EIM Phase 2 planning efforts and WAPA-SNR is an active participant. As noted above, the main discussions with WAPA-SNR have been around the approach for use of WAPA-SNR transmission in EIM and how the deviation band will be handled in EIM. Also, as noted above, we are working proactively with WAPA-SNR to assist them in their OATT and Rates processes for EIM.

### **San Luis Transmission Project**

WAPA-SNR has announced its intent to work with the Bureau of Reclamation and CDWR to construct the SLTP. BANC met with WAPA and the other parties to fully understand the implications of having this new transmission project in the BANC BA/WAPA-SNR sub-BA. The SLTP developers (DATC) have completed the open season on the additional capacity for the project. It is our understanding that DATC is in discussions with interested parties regarding participation in the SLTP. We will keep the Commission informed as more information becomes available.

## **Peak Reliability:**

### **Closure Activities**

Peak ceased operations as a registered RC on December 4, 2019. The final closure activities (terminating contracts, vacating facilities, etc.) have been completed. The closure administrator (Marie Jordan, former Peak CEO) has issued a notice that the Peak budget was under run and that the Funding Parties will be receiving a rebate in May 2020.

## **WECC**

### **WECC Board Meetings**

The next MAC and Board meetings are scheduled for June 16-17, 2020, in Salt Lake City. I expect that my attendance will be remote due to the COVID-19 issues.

## **RC Services for the West**

With the completion of the RC transition from Peak to the new RCs, WECC and NERC have refocused their efforts from monitoring transition to monitoring operations of the RCs. At the March 11 Board meeting, NERC CEO Jim Robb commended the Western Interconnection for the successful transition of RC services from Peak to the new RC providers.

## **CDWR Delta Pumping Load:**

BANC is coordinating with SMUD, CDWR, WAPA, and the CAISO regarding how the construction and pumping loads and ancillary services will be provided for this project. The CAISO has reached out to BANC/SMUD/WAPA-SNR regarding contacts for initiating discussions on how CAISO will supply energy for the construction loads in our footprints. With the Governor's announcement that the project will be downsized from two to one tunnel, CDWR has withdrawn the current applications and will be submitting revised environmental documentation. SMUD reported that CDWR has approached them regarding the revised environmental review, which will be performed during 2020.

## **SB100 Implementation**

As part of SB100, the CPUC, CEC, and CARB (Joint Agencies) are required to collaborate with the California BAs to develop a quadrennial report on the status of achieving the goals of SB100. The initial report is due 1/1/21. The four POU BAs (BANC, IID, LADWP, and TID) are collaborating on positions and responses. In addition, we have done outreach to the CAISO, PacifiCorp, NV Energy, and WAPA BA's in California to determine if there is benefit to all BAs coordinating on this effort. BANC filed comments with the agencies on 12/2/19. BANC stated that it supported the long-term goals of the State regarding GHG reductions. However, we also cautioned that the transition from the current mix of resources to the long-term resource mix needs to be done in an orderly manner to ensure that grid reliability and affordability can be maintained for the benefit of the end-use consumers. We also supported a "net zero" carbon approach to meeting the goals, at least on an interim basis. We are discussing how SB100 goals will impact BANC operations in the long-term with the Resource Committee and will be updating the Commission as these discussions evolve. I attended the SB100 workshop on 2/24/2020 and participated on a BA reliability panel. Subsequent to the workshop, staff worked with the other POU BAs (LADWP, IID, and TID) regarding comments to the Joint Agencies. Feedback from the Joint Agencies is that they intend to reach out to the BAs in May to address the BA comments.

## **Sutter Energy Center**

Based upon Commission concurrence at the February meeting, staff held several discussions with Calpine regarding a potential term sheet.

## **Western Electricity Industry Leaders (WEIL) Group**

The WEIL group has done outreach to the Western Governors' Association with a request to hold discussions on how to better coordinate electricity policy in the West. Based upon these discussions, the Western Governors and WEIL have agreed to make use of the Center for a New Energy Economy (CNEE), which is headed by former CO Governor Ritter, to facilitate further dialogue. The group has agreed to focus discussions around three topics:

- State clean electricity goals and GHG accounting
- Reliability/resource adequacy
- Transmission planning and development.

The goal is to have a set of actionable recommendations that can be presented to the December Western Governors meeting. Staff is evaluating how best to participate in this effort.

## **Strategic Initiatives**

An update of the 2019/2020 Strategic Initiatives is attached to this report.

BANC 2019/2020 Strategic Plan - Routine Initiatives - May 2020 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
1 Medium	INDEPENDENCE	Effectively oversee the BA operations.	Jim Shetler	Ongoing	See monthly Ops, PC, Compliance, & GM Reports
2 Medium		Develop long-term succession plan and traits for General Manager	Jim Shetler/Commission	Ongoing	Draft plan discussed with Commission. <b>Discuss at Strategic Plng. Session</b>
3 Medium		Organizational Issues: ~ Develop BANC procedures & processes as appropriate	Jim Shetler/BBSW	4th Qtr. 2020	Initial draft of business practices being developed
4 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TP, & TID on EIM
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Call with BOSR reps on fund options 3/18/20
7 Medium	ASSETS	Evaluate joint options for resource needs for BA	Resource Committee	4th Qtr. 2020	
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	Discussions with WAPA-SNR

BANC 2019/2020 Strategic Plan - Routine Initiatives - May 2020 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
9 High	INDEPENDENCE	Manage implementation of EIM Phase 2 participation effort	Jim Shetler/SMUD	4/1/21	Routine EIM Committee meetings being held
10 High		Manage EIM Phase 1	Jim Shetler/SMUD	Ongoing	
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2020 1st Qtr. 2021	Coordinating with EDAM SC
12 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, & Tacoma
13 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	Call with BOSR reps on fund options 3/18/20
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	3rd Qtr. 2020	GRC meeting; T. Braun selected
15 High		Coordinate with BAs on SB100 collaboration effort	Jim Shetler/BBSW	12/31/20	Participated in 2/24/20 reliability workshop Submitted BANC comments 3/9/20
16 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs	Jim S./Res. Com.	4th Qtr. 2020	Holding discussions at Resource Committee
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM	Jim S.	4th Qtr. 2020	Finalized software EIM procurement options

## Balancing Authority of Northern California

### Agenda Item 5D

1. **Resolution 20-05-08 *Acknowledgement and Acceptance of 2020 Summer Load & Resources Assessment of the Balancing Authority of Northern California.***
2. **2020 Summer Load & Resources Assessment of the Balancing Authority of Northern California.**

# **Braun Blaising Smith Wynne, P.C.**

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Attorneys at Law

5/08/20

**To: BANC Commission**  
**From: BANC Counsel**  
**RE: Acknowledgment & Acceptance of 2020 BANC Summer Load & Resources Assessment**

Included in the Commission packet for the May 20, 2020 BANC Commission meeting is the 2020 Summer Load and Resources Assessment. This document is produced by the Operating Committee. It includes a summary of expected conditions, including peak loads, generation availability, planned physical outages of generation and transmission, and other information. The information is included for individual members, each of the Sacramento Municipal Utility District and Western Area Power Administration sub-areas, as well as on a BANC-wide basis.

The Assessment concludes that BANC will be able to meet the load demand for the 2020 summer operating season.

Because reliable grid operation is the central and paramount function of BANC, the Commission is requested to acknowledge receipt and accept the 2020 Summer Load and Resources Assessment by resolution.

**Balancing Authority of Northern California  
Resolution 20-05-08**

**Acknowledgement and Acceptance of the 2020 Summer Load & Resources Assessment  
of the Balancing Authority of Northern California**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, the Operating Committee has produced the 2020 Summer Load & Resource Assessment (“Assessment”), which describes expected loads, resources, and operating conditions for the coming summer season.

WHEREAS, the Assessment concludes that system resources will be adequate to meet expected load for the coming summer operating season.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby acknowledge and accept the Assessment.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 20<sup>th</sup> day of May 2020, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takehara				
SMUD	Arlen Orchard				
TPUD	Paul Hauser				

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Dan Beans  
Chair

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Attest by: C. Anthony Braun  
Secretary

# 2020 SUMMER

## LOAD & RESOURCES ASSESSMENT



May 12<sup>th</sup>, 2020

Operating Committee

Balancing Authority of Northern California

**A Joint Powers Authority Among  
Modesto Irrigation District, City of Redding, City of Roseville, City of Shasta Lake,  
Trinity Public Utilities District, and Sacramento Municipal Utility District**

**[www.thebanc.org](http://www.thebanc.org)**

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## 1. Executive Summary

The Balancing Authority of Northern California (BANC) is a Joint Powers Authority (JPA) consisting of the Sacramento Municipal Utility District (SMUD), Modesto Irrigation District (MID), City of Roseville (RSC), Redding Electric Utility (REU), City of Shasta Lake, and Trinity Public Utilities District (TPUD). BANC assumed the Balancing Authority (BA) responsibilities on May 1, 2011 from SMUD that include the matching of generation to load and coordinating system operations with neighboring BAs – Bonneville Power Administration (BPA), Turlock Irrigation District (TID), and California Independent System Operator (CAISO). There are two footprints within BANC – SMUD and Western Area Power Administration – Sierra Nevada Region (WAPA), which includes WAPA, MID, RSC, REU, Trinity PUD, and City of Shasta Lake. The Figure 1-1 below shows the geographical map of BANC system.



Figure 1-1: Geographical Map of BANC System

This BANC summer load and resources assessment report summarizes BANC’s estimated peak load, available generation, and energy imports for the 2020 summer operating season – June 1<sup>st</sup>, 2020 through October 31<sup>st</sup>, 2020.

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

The forecasted BANC peak load for 2020 summer is 4484 MW which is almost the same as the actual 2019 BANC peak load of 4486 MW. The forecasted peak loads for the SMUD and WAPA footprints are 2923 MW and 1561 MW, respectively.

### Water conditions as of April 1, 2020:

- United States Bureau of Reclamation’s (USBR) Central Valley Project (CVP) reservoir storage levels were at approximately 95% of historical average
- SMUD’s three storage reservoirs were at 61% of capacity, which is 90% of historical April average and are expected to be full in the summer.
- The forecasted statewide snowmelt runoff is about 60% of an average water year.
- SMUD’s inflow to the storage reservoirs is also projected to be 60% of median.

### Resource Availability Forecasts as of April 1, 2020:

- Based on the current outage information, all SMUD and CVP hydro resources, except Spring Creek Unit #2 (95 MW) are expected to be available during the 2020 summer peak months.
- The total hydro power peak or energy production is projected to be slightly lower than the historical average based on water conditions.
- One-half of the Sutter Energy Center (SEC) or 258 MW will continue to be available to SMUD with work in progress to make the other half available to the CAISO Balancing Authority in July.

### California Oregon Intertie (COI) Import Capability:

- Based on the seasonal study performed by the California Operating Sub-Committee (OSS), the 2020 summer COI operating nomogram is similar to 2019.
- Wildfire threat continues to be a risk with the threat areas and fire-season period both expanding and increasing the risk of Public Safety Power Shutoff (PSPS) events or actual outage.
- The CAISO has committed to support BANC if a PSPS event on the CAISO controlled portion of COI should create resource shortage conditions for BANC.

With less than 60% of precipitation and snowpack, the 2019-2020 water season is classified as “below average” according to California Department of Water Resources’ (CDWR’s) Bulletin 120 released on April 8, 2020. BANC projects sufficient generation and transmission capacity to meet the load demand and system reliability requirements for 2020 summer. The estimated operating reserve margins for SMUD, WAPA, and BANC BA are all well above the 15% benchmark, as shown in Table 1-1 below.

Table 1-1: 2020 Summer Supply & Demand Outlook

	BANC	SMUD Footprint	WAPA Footprint
Existing Generation (MW)	5210	2404	2806
Generation Outage (MW)	(95)	(0)	(95)
Retired Generation (MW)	0	0	0
New Generation (MW)	9	9	0
Estimated Import (MW)	1284	1423	(139)
<b>Total Net Supply (MW)</b>	<b>6408</b>	<b>3836</b>	<b>2572</b>
Load Demand (MW)	4484	2923	1561
Operating Reserve Margin * (MW)	1924	913	1011
Operating Reserve Margin * (%)	42.9%	31.2%	64.8%

\* The Operating Reserve Margin (MW) = Total Net Supply – Load Demand  
 \* The Operating Reserve Margin (%) = (Total Net Supply – Load Demand) / Load Demand

## 2. 2019 Summer Review

### 2.1 System Load

The recorded BANC peak load for 2019 summer reached 4486 MW at 16:47:50 on August 15, 2019, which was only 23 MW (or 0.5%) higher than BANC’s peak load in 2018 (4463 MW) although the summer 2019 was warmer than the summer 2018. Actually, the WAPA footprint’s peak load in 2019 was higher than its peak load in 2018, while SMUD footprint’s peak load in 2019 was lower than its peak load in 2018 due to the increased installations of the Behind-The-Meter (BTM) solar photovoltaic (PV) generation and SMUD’s implementation of its residential Time-Of-Day (TOD) rate.

Because BANC entities are located in different geographical areas, they did not reach their peak loads at the same time or date. The BANC entities’ load levels at the time of the BANC peak load are known as their Simultaneous Peak Load and their individual peak load levels are known as their Non-simultaneous Peak Load.

On August 15, 2019, the BANC BA reached its peak load at the same time when WAPA footprint reached its peak load. the Simultaneous Peak Load for the WAPA footprint was 1572 MW and the Simultaneous Peak Load for the SMUD footprint was 2914 MW. The SMUD footprint reached its Non-simultaneous Peak Load of 2923 MW at 16:45:37 on the same day.

Table 2-1 below shows the Simultaneous Peak Loads and Non-simultaneous Peak Loads and a comparison of 2019 actual Non-simultaneous Peak Loads vs. 2019 forecasted Non-simultaneous Peak Loads for BANC and all BANC entities.

Table 2-1: 2019 Simultaneous and Non-simultaneous Peak Loads vs. 2019 Forecasts

	Non-simultaneous Peak Load Forecast (MW)	Actual Non-simultaneous Peak Load (MW)	Non-simultaneous Peak Load MW Difference	Non-simultaneous Peak Load % Difference	Actual Simultaneous Peak Load <sup>1</sup> (MW)
<b>BANC BA</b>	4430	4495	-65	-1.4%	4486
<b>SMUD</b>	2925	2923	2	0.1%	2914
<b>MID</b>	703	671	32	4.8%	666
<b>Roseville Electric</b>	337	337	0	0%	337
<b>REU</b>	229	224	5	1.7%	223
<b>Shasta Lake</b>	32	36	-4	-11.1%	36
<b>Trinity PUD</b>	24	24	0	0%	20
<b>WAPA Footprint</b>	1505	1572	-67	-4.3%	1572

### 2.2 System Generation

The Sutter Energy Center (SEC) continued to be available at 258 MW capacity for summer 2019 as a part of generation in SMUD footprint. In addition, 5 MW of metered solar generation went on-line in BANC

<sup>1</sup> The Actual Simultaneous Peak Load values came from the PI historian data.

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

footprint in 2019. BANC's total generating capacity increased to 5210 MW. Table 2-2 shows generation levels of BANC entities collected in PI at the 2019 BANC peak load moment (16:47:50 on 8/15/2019).

Table 2-2: BANC Entities Generation Levels at 2019 BANC Peak Load Moment

	Generation (MW)	Simultaneous Peak Load (MW)	Generation Capacity (MW)	Gen Output %
<b>BANC BA</b>	3294	4486	5210	63.2%
<b>SMUD</b>	1498	2914	2404	62.3%
<b>MID</b>	246	666	469	52.5%
<b>Roseville Electric</b>	150	337	231	64.9%
<b>REU</b>	108	223	182	59.3%
<b>Shasta Lake</b>	0	36	0	N/A
<b>Trinity PUD</b>	0	20	0	N/A
<b>WAPA Footprint</b>	1796	1503	2806	64.0%

### 2.3 System Import

With the completion of PG&E's Palermo-Rio Oso 115 kV reconductoring project in 2014, the transfer capability of COI has been greatly improved since 2015 summer (up to 1175 MW increase under high Northern California Hydro generation conditions). Table 2-3 shows the simultaneous import levels for BANC entities at the 2019 peak load moment.

Table 2-3: BANC Entities' Import Levels at 2019 Peak Load Moment

	Simultaneous Import (MW)	Simultaneous Peak Load (MW)	Import/Load Ratio
<b>BANC BA</b>	1192	4486	26.6%
<b>SMUD</b>	1416	2914	48.6%
<b>MID</b>	420	666	63.1%
<b>Roseville Electric</b>	187	337	55.5%
<b>REU</b>	115	223	51.6%
<b>Shasta Lake</b>	36	36	100%
<b>Trinity PUD</b>	20	20	100%
<b>WAPA Footprint</b>	-293 (Export)	1503	-19.5%

Table 2-3 shows that BANC entities relied heavily on import to serve load demands (approximately half of the load in SMUD, MID, RSC, and REU were served by imports). However, the USBR generation balanced out the load demand in WAPA footprint.

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

### 2.4 Reliability Coordinator Transition to RC West

As of July 1, 2019, BANC transitioned from the Peak Reliability Coordinator (RC) to the RC West together with the majority of the BAs in the Western Interconnection. With Peak RC ceasing its operation at the end of 2019, three new RCs, together with the Alberta Electric System Operator (AESO) RC, were formed to oversee the reliable operation of the Western Interconnection – the RC West (or CAISO RC), the Southwest Power Pool (SPP) RC, and the British Columbia Hydro Authority (BCHA) RC, shown in Figure 2-1 below.

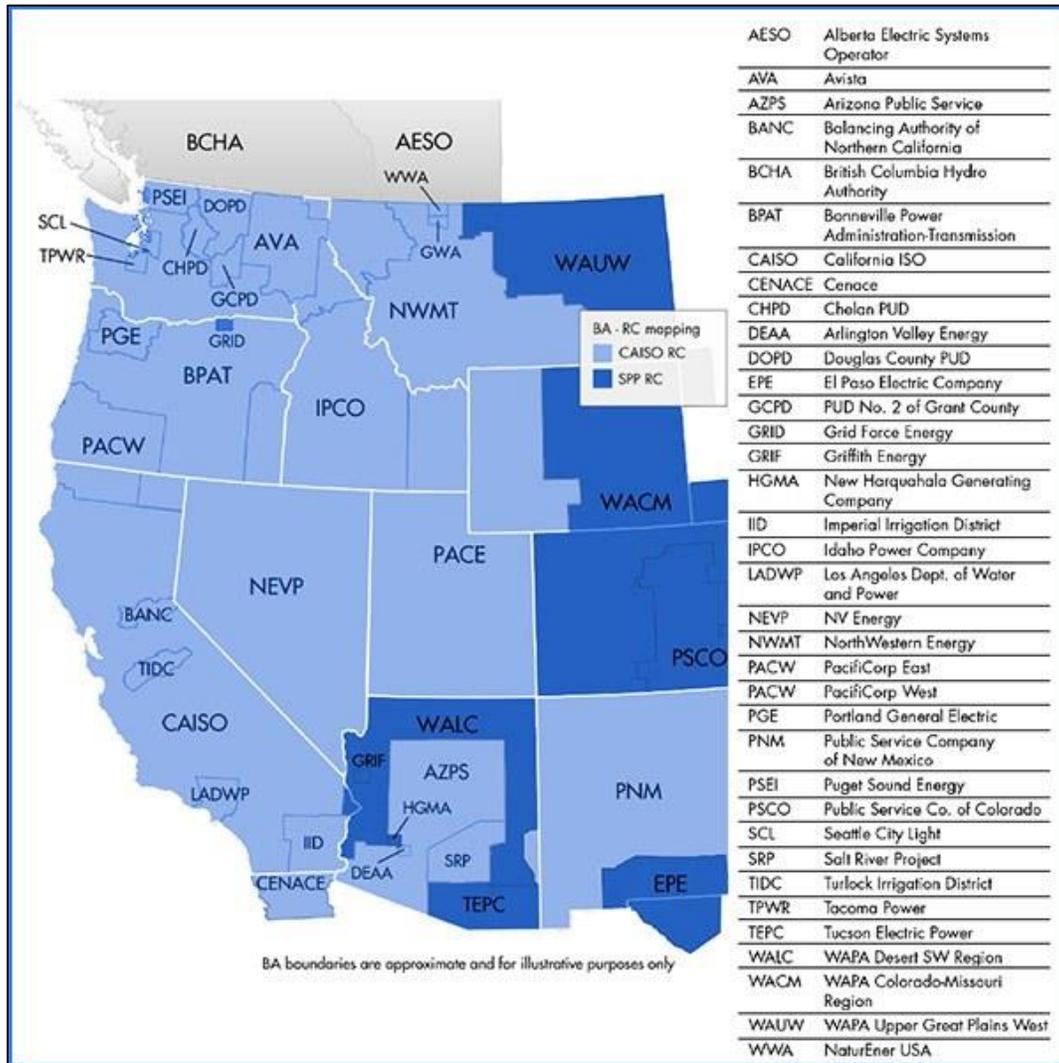


Figure 2-1: Maps of RC Footprints in Western Interconnection

### 3. 2020 Summer Assessment

#### 3.1 Forecasted System Load

The forecasted total BANC peak load for the 2020 summer is 4484 MW, which is almost the same as the actual 2019 BANC peak load of 4486 MW. Table 3-1 below shows the forecasted 2020 BANC peak load and the Non-simultaneous Peak Load demands for all BANC entities.

Table 3-1: 2020 Forecasted Peak Load

	2020 Forecasted Non-simultaneous Peak Load (MW)
<b>SMUD</b>	2923 (1-in-2)
<b>WAPA Footprint</b>	1561
<b>MID</b>	706 (1-in-10)
<b>Roseville Electric</b>	337 (1-in-2)
<b>REU</b>	229 (1-in-2)
<b>Shasta Lake</b>	33 (1-in-2)
<b>Trinity PUD</b>	24
<b>2020 Forecasted BANC Peak Load</b>	4484

Figure 3-1 below shows a comparison of forecasted 2020 non-simultaneous peak load with the historical peak load since 2006 (all-time peak year) for BANC, SMUD, and WAPA footprint.

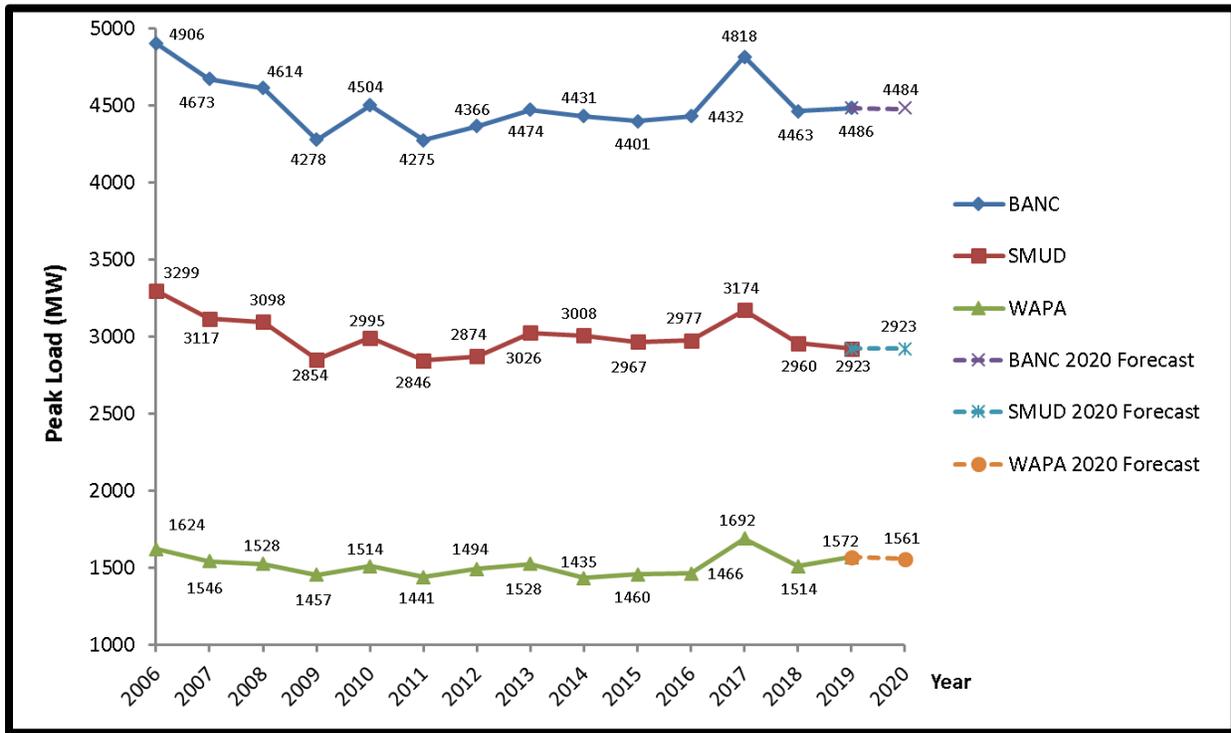


Figure 3-1: 2020 Forecasted Peak Load vs. Historical Peak Load

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

Figure 3-1 shows that all BANC entities' peak loads declined significantly after the all-time peak recorded during the 2006 multi-day heat wave, through 2009 due to the economic recession. The subsequent peak load demands reached their lowest in 2011 and then started recovering. Due to the unusual heat waves and economic recovery from the recession, the 2017 peak load reached the highest level since 2006, despite the increased installations of the behind-the-meter solar photovoltaic generation. Several BANC entities, such as MID, City of Roseville, City of Shasta Lake, and WAPA, even set their new all-time peak load records in 2017. Since 2018, BANC's peak load has been fairly flat due to the increased installations of BTM solar and SMUD's implementation of TOD rate in 2019.

### 3.2 Forecasted System Generation

In 2020 there will be approximately 9 MW of metered solar generation coming on-line and SEC will continue to be available at 258 MW as a part of SMUD's generation. BANC's total generation capacity will increase to 5219 MW, of which, 2704 MW (51.8%) is hydro generation, 2298 MW (44.0%) is thermal generation, 16 MW (0.3%) is biogas generation, and 201 MW (3.9%) is solar generation. In total, 56% of the generation capacity within BANC is carbon-free.

According to CDWR's website, as of April 1, 2020, the USBR's CVP reservoirs were at approximately 95% of historical average levels (as shown in Figure 3-2 below). However, the Northern California precipitation was only at 56% of its historical average (as shown in Figure 3-3 below), the Northern Sierra snowpack was only at 57% of its historical average (as shown in Figure 3-4 below), and the forecasted statewide snowmelt runoff is at about 60% of an average water year.

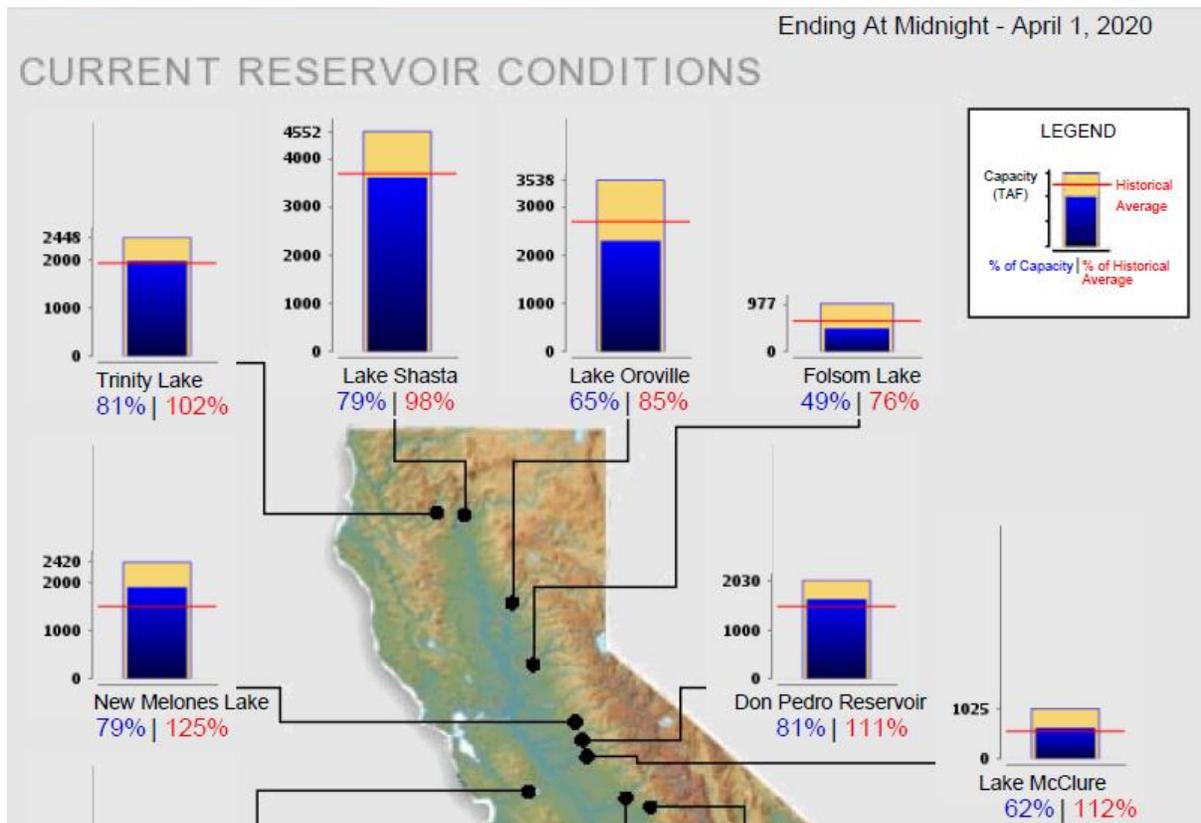


Figure 3-2: Northern California Major Reservoir Level as of 4/1/2020

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

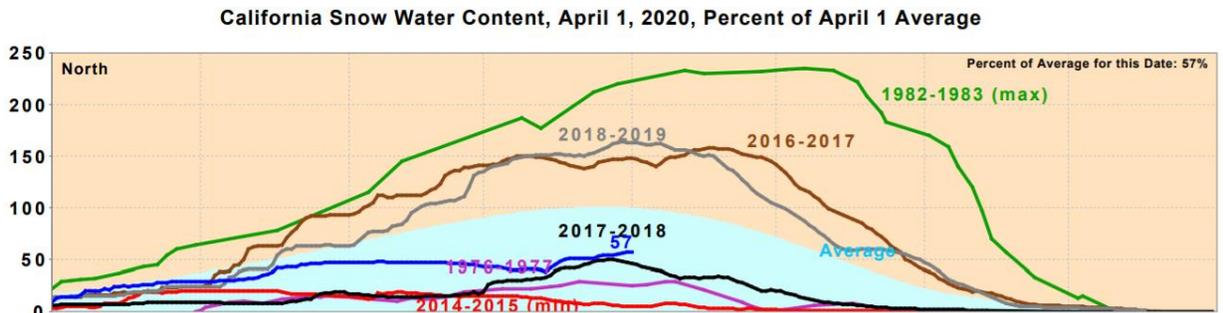


Figure 3-3: Northern Sierra Snowpack Level as of 4/1/2020

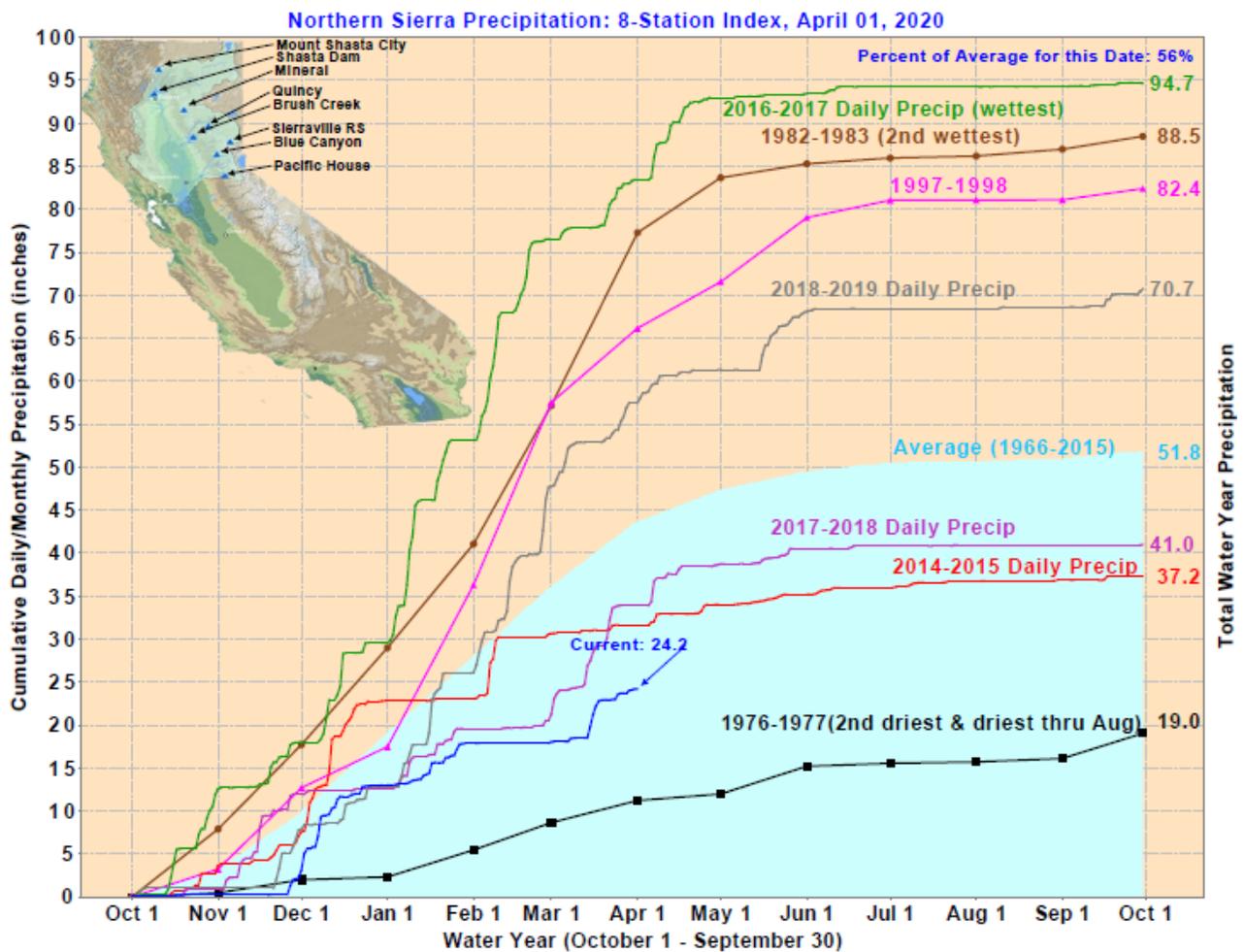


Figure 3-3: Northern Sierra Precipitation as of 4/1/2020

Figure 3-4 below shows the 2006-2020 California statewide water condition (including snowpack, precipitation, runoff, and reservoir storage level) on April 1 as the percentage of the historical average.

As of April 1, 2020, SMUD's three storage reservoirs were at 61% of capacity, which was 90% of historical April average and are expected to be full in the summer. The inflow to the storage reservoirs is projected to be 60% of median by the end of summer.

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

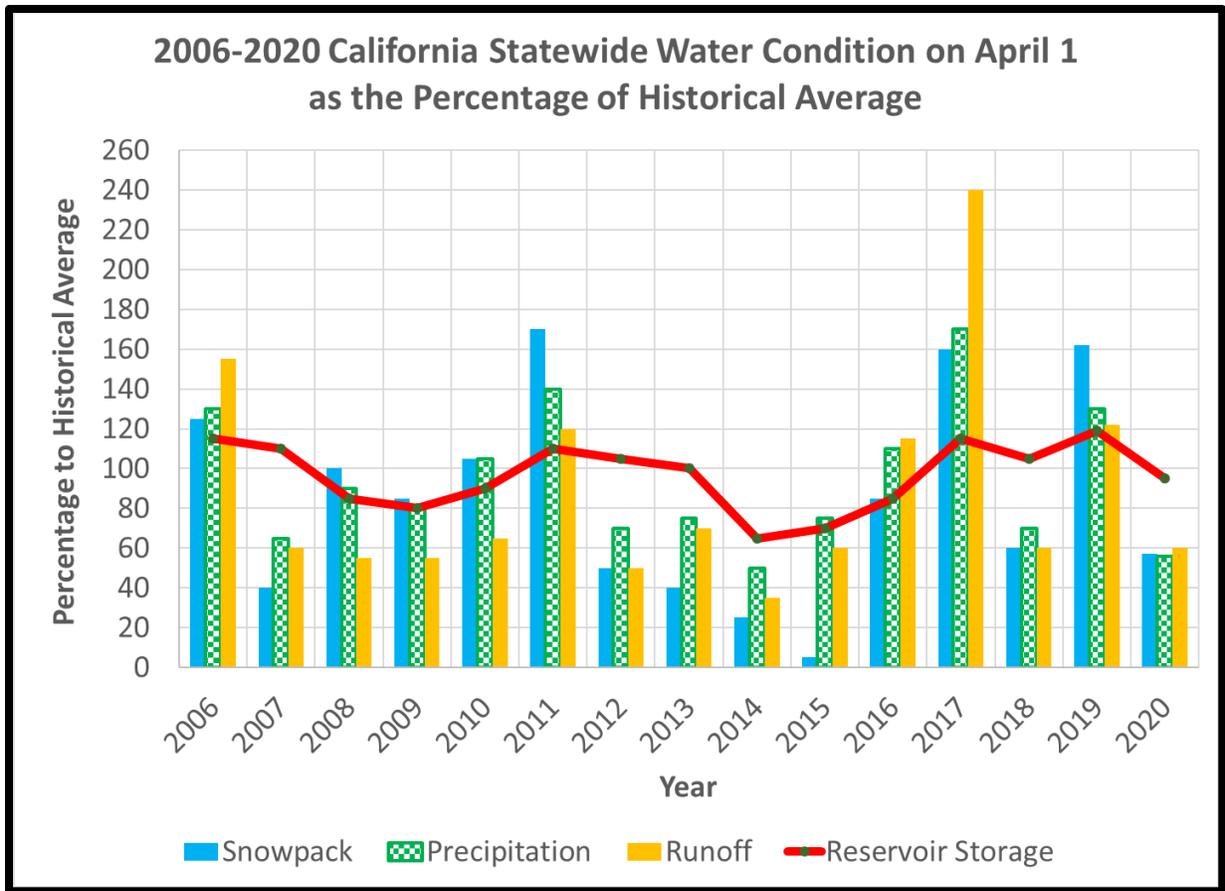


Figure 3-4: 2006-2020 California Statewide Water Condition on April 1

Based on the current outage information, all the SMUD and CVP hydro resources are expected to be available during the 2020 summer peak months, except that the Spring Creek Unit #2 (95 MW) is on an outage until summer 2021. However, the total hydro power production is projected to be lower than the historical average level due to the “Below Average” water condition. Table 3-2 below shows the forecasted 2020 summer generation levels at peak load condition for BANC entities.

Table 3-2: 2020 Forecasted Generation at Peak Load Condition

	Hydro Gen (MW)	Thermal Gen (MW)	Solar Gen (MW)	Total Gen (MW)	Non-simultaneous Peak Load (MW)	Gen/Load Ratio
<b>BANC BA</b>	1207	1866	127	3200	4484	71.4%
<b>SMUD</b>	200	1200	100	1500	2923	51.3%
<b>MID</b>	50	294	25	369	706	52.3%
<b>Roseville Electric</b>	0	203	0	203	337	60.2%
<b>REU</b>	2	169	0	171	229	74.7%
<b>WAPA Footprint</b>	1007	666	27	1700	1561	108.9%

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

### 3.3 Forecasted System Import

The COI is the major path for BANC entities to import capacity and energy from Pacific Northwest (Washington and Oregon) sources. Based on the study performed by the California OSS, the 2020 summer COI operating nomogram under all-line-in-service and normal hydro condition is similar to 2019. According to National Oceanic and Atmospheric Administration (NOAA), the water supply of the Columbia River – the major river runoff supporting hydroelectric power generation in Pacific Northwest, was forecasted to be 98% of the 30-year normal at the Dalles Dam as of April 1, 2020 – it indicates a normal hydro energy supply from Pacific Northwest this summer. Table 3-3 shows estimated 2020 summer import levels for BANC entities.

Table 3-3: Estimated Import Levels for BANC Entities at 2020 Peak Load Condition

	Import (MW)	Non-simultaneous Peak Load (MW)	Import/Load Ratio
<b>BANC BA</b>	1284	4484	28.6%
<b>SMUD</b>	1423	2923	48.7%
<b>MID</b>	337	706	47.7%
<b>Roseville Electric</b>	134	337	39.8%
<b>REU</b>	58	229	25.3%
<b>WAPA Footprint</b>	-139	1561	-8.9%

### 3.4 Forecasted System Supply & Demand Outlook

With less than 60% of precipitation and snowpack, the 2019-2020 water season is classified as “below average” according to CDWR’S Bulletin 120. However, the major reservoirs are expected to maintain normal levels. BANC projects sufficient generation and transmission capacity to meet the load demand and reliability requirements for the 2020 summer and the estimated operating reserve margins for SMUD, WAPA, and BANC are all well above the 15% benchmark, as shown in Tables 3-4 & 3-5 below.

Table 3-4: 2020 Summer Supply & Demand Outlook

	BANC	SMUD Footprint	WAPA Footprint
Existing Generation (MW)	5210	2404	2806
Generation Outage (MW)	(95)	(0)	(95)
Retired Generation (MW)	0	0	0
New Generation (MW)	9	9	0
Estimated Import (MW)	1284	1423	(139)
<b>Total Net Supply (MW)</b>	<b>6408</b>	<b>3836</b>	<b>2572</b>
<b>Load Demand (MW)</b>	<b>4484</b>	<b>2923</b>	<b>1561</b>
Operating Reserve Margin * (MW)	1924	913	1011
Operating Reserve Margin * (%)	42.9%	31.2%	64.8%

\* The Operating Reserve Margin (MW) = Total Net Supply – Load Demand  
 \* The Operating Reserve Margin (%) = (Total Net Supply – Load Demand) / Load Demand

## 2020 BANC SUMMER LOAD & RESOURCES ASSESSMENT

Table 3-5: 2020 Summer Supply & Demand Outlook for Other BANC Entities

	Generation (MW)	Import (MW)	Peak Load (MW)
<b>SMUD Footprint</b>	1500	1423	2923
<b>WAPA Footprint</b>	1700	-139 (export)	1561
<b>MID</b>	369	337	706
<b>Roseville Electric</b>	203	134	337
<b>REU</b>	171	58	229
<b>Shasta Lake</b>	0	35	35
<b>Trinity PUD</b>	0	24	24

### 3.5 Scheduled Generation/Transmission Outages

According to current information, there are no major transmission or generation outages scheduled within BANC footprint during the summer peak months – June, July, and August, except that the Spring Creek Unit #2 (95 MW) is under turbine replacement outage until summer 2021.

Studies showed that the forecasted 2020 summer Sacramento Valley peak load can be served while meeting all NERC/WECC Reliability Standards. The Table 3-6 below lists the major transmission and generation outages within the BANC footprint and the surrounding areas for the 2020 summer.

Table 3-6: Scheduled Major Outages for 2020 Summer

Start Time	End Time	Outage Facility	Description	Outage Area	Outage Impact
12/30/2019	6/30/2021	Spring Creek U2	Turbine Replacement	WAPA	95 MW generation outage
4/27/2020	6/19/2020	Keswick U2	Maintenance	WAPA	35 MW generation outage
5/5/2020	7/31/2020	Fiddymment-Elverta 230 kV Line	CB and Relay Replacement	WAPA	Roseville import limit reduction
6/8/2020	6/12/2020	Maxwell 500 kV Series Cap	Insulator Replacement	WAPA	COI derated to 4100 MW
6/8/2020	6/12/2020	Rancho Seco-Bellota #1 230 kV Line	Maintenance	SMUD	SMUD import limit reduction
7/6/2020	7/10/2020	Rancho Seco-Bellota #1 230 kV Line	Maintenance	SMUD	SMUD import limit reduction
7/13/2020	7/17/2020	Rancho Seco-Bellota #2 230 kV Line	Maintenance	SMUD	SMUD import limit reduction
8/24/2020	11/13/2020	Malin-Round Mountain #2 500 kV Line	Maintenance	CAISO	COI derated to 3625 MW
9/15/2020	12/18/2020	Trinity Power Plant	Maintenance	SMUD	140 MW generation outage
9/21/2020	10/30/2020	Loon Lake Powerhouse	Maintenance	SMUD	79 MW generation outage
10/12/2020	10/20/2020	Proctor & Gamble Power Plant	Maintenance	SMUD	190 MW generation outage
10/12/2020	12/23/2020	Fiddymment 230 kV Bus	Construction	WAPA	Roseville import limit reduction

### 3.6 Potential Issues and Concerns

As the state is becoming hotter and drier than it used to be, these climate changes expand California's wildfire threat area and lengthen the fire season, increasing the risk and the impacts of the wildfires. The wildfire threat has become the No.1 risk to California utility operations. The Carr Fire and the Camp Fire in 2018 caused devastating impacts to people's lives. With a "below average" 2019-2020 water season, the dry vegetation may expand wildfire risk, potentially impacting the availability of transmission lines and generating units. Potential wildfires in or near the 500 kV line corridors pose a significant risk of derate to the COI (such as with the Tucker Fire in July 2019), and potential wildfires in the mountain areas could affect the availability of hydro generating units (such as the Carr Fire in 2018). Public Safety Power Shutdowns (PSPS) are now instituted as a measure to mitigate wildfire risks. Under a program to coordinate impacts, the CAISO will provide emergency support to BANC entities in the event where a PSPS impacts the COI and reduces the availability of power to the point of threatening service to load.

### 3.7 Engineering Studies

The entities within the BANC BA coordinated with the neighboring BAs, TOPs, and RC West and performed the following summer 2020 engineering studies:

- California Operating Study Sub-committee (OSS)
- Sacramento Valley Study Group (SVSG)
- Westley Transmission Study Group (WTSG)

The OSS study focuses on COI transfer capability and produces the COI operating nomogram. the SVSG study focuses on determining the Load Serving Capability (LSC) of Sacramento Valley area (SMUD and RSC) and developing associated operating nomograms, and the WTSG study focuses on identifying the import and export limits for MID and TID and developing associated operating nomograms. All studies concluded that BANC will be able to serve the forecasted 2020 summer load and meet NERC/WECC Reliability Standards.

### 3.8 Conclusions

The 2020 forecasted peak load for BANC BA is 4484 MW, which is almost the same as the actual 2019 peak load of 4486 MW. Although the precipitation and snowpack in the 2019-2020 water season is less than 60% of normal, the major reservoirs are expected to maintain normal levels during the summer season. The engineering studies and assessments show that BANC will be able to meet the forecasted peak load for the 2020 summer operating season with a sufficient operating reserve margin of 40%.

The BANC/SMUD System Operators have been trained on the updated Operating Procedures to prepare for the 2020 summer operations. Additionally, BANC has coordinated with the State and local agencies, RC West, and neighboring BAs and TOPs to ensure reliable operations for the 2020 summer under normal and emergency system conditions.

## Balancing Authority of Northern California

### Agenda Item 5E

1. ***Resolution 20-05-11 Authorization to Execute Amendments to the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC and Amend Schedule 2 of the Dynamic Transfer Balancing Authority Operating Agreement.***
2. **Amended & Restated Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC.**

# **Braun Blaising Smith Wynne, P.C.**

Attorneys at Law

5/11/2020

**To: BANC Commission**

**From: BANC Counsel**

**RE: Authorization to Amend the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC to Address Expanded Operations and Dynamic Transfer of Output from the Sutter Energy Center**

In January of 2018, the Balancing Authority of Northern California (BANC) Commission approved, by BANC Resolution 18-01-16, a Balancing Authority Participation Agreement (BAPA) between BANC and CCFC Sutter Energy, LLC (Calpine). The purpose of the BAPA was to establish the operating rights and obligations between BANC, as the Balancing Authority (BA), and Calpine, as the operator of the Sutter Energy Center (SEC) in the BANC footprint, which planned to restart its commercial operations. The BAPA was originally drafted to address what we referred to as SEC Phase 1 Operations, in which all of the output of one of the two SEC combustion turbine (CT) units was to be transferred to the Sacramento Municipal Utility District (SMUD), while the second SEC CT would remain commercially inoperable until a later time. Thus, of the nominal 550 MW combined output of the full SEC facility, only 250 MW was to be privately delivered to SMUD. A more detailed background and description of this arrangement was provided in a January 1, 2018 memorandum from BANC Counsel to the Commission and is provided as “Attachment A” to this memorandum.

During the time of the re-start of SEC, it was always anticipated that the second CT would be eventually re-operated. Calpine, however, lacked the commercial and operational arrangements to enable this. More specifically, due to the configuration of the SEC (single line), full plant operations of both CTs would result in a most single largest contingency (MSSC) for the BANC BA of over 500 MW. Thus, the only way to operate both CTs inside of BANC is either to add another circuit to the SEC-associated facilities, and thereby lower the MSSC to 250 MW, or to dynamically transfer the second half of SEC (i.e., approximately 250 MW) from the BANC BA to the California Independent System Operator (CAISO) BA. While there are still discussions among Calpine, BANC, and the Western Area Power Administration – Sierra Nevada Region (WAPA) regarding an upgrade to the WAPA transmission system to address the MSSC issue, we are also able to transfer the second half of the SEC to the CAISO BA via a Pseudo-Tie. The amendments proposed to the BAPA are intended to address this expanded operation of the SEC as both a Pseudo Tie export from the BANC BA to the CAISO BA, as well as to address the continuing commercial arrangements for the other half of the facility that will remain in the BANC BA and continue to be integrated into SMUD’s portfolio. The Draft Amended and Restated BAPA is included in the Commission meeting materials.

Of note, the Amended and Restated BAPA is contingent upon the approval by the Federal Energy Regulatory Commission (FERC) of an agreement between the CAISO and Calpine to effectuate what they are calling a “Split Resource,” memorialized in a “Split Resource Participation Agreement” (SRPA). The reason for the need to create a split resource resides in the terms of the CAISO Tariff, which requires the dynamic transfer of the *entire generator* to the CAISO BA to qualify as a Pseudo Tie. Since Calpine’s SEC has a single Steam Injection Turbine attached to its two CTs, it can only be split through the use of metering (logical metering). Through this metering, therefore, SEC can be “split” between the two BAs while appearing in each BA as a single generator – thus meeting the qualifications under the CAISO Tariff regarding a Pseudo Tie. The SRPA was filed in FERC Docket No. ER20-1902-00, seeking an effective date of July 1, 2020. This BAPA, therefore, is being made contingent upon the SRPA being approved by FERC.

In addition to amendments to the BAPA, BANC will also be required to amend Schedule 2 of the BANC-CAISO Dynamic Transfer Balancing Authority Operating Agreement (DTBAOA) between itself and the CASIO in order to add the SEC as a Pseudo Tie Resource.<sup>1</sup> The DTBAOA is a simple schedule change which requires no approvals from FERC.

The development of this option for the SEC to market its second CT has been long considered and worked on extensively among BANC, SMUD, WAPA, and Calpine. While this certainly benefits Calpine, it also helps provide additional transmission revenues to WAPA and, by extension, its customers, as well as voltage support to the BANC BA Area. Moreover, it provides 250 MW of additional energy and capacity to the market, which could be critical this summer.

Accordingly, BANC Counsel recommends that the Commission authorize the General Manger to execute the Amended and Restated Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC, in substantially final form.

BANC Counsel further recommends that the Commission authorize the General Manager to make changes to Schedule 2 of the DTBAOA to reflect the addition of the SEC as a Pseudo Tie resource from the BANC BA Area to the CAISO BA Area.

<sup>1</sup> The DTBAOA is the agreement which provides the technical and operational requirements to effectuate dynamic transfers between the CAISO and BANC BAs.

**Braun Blasing Smith Wynne, P.C.**

Attorneys at Law

1/16/18

**To: BANC Commission**

**From: BANC Counsel**

**RE: Authorization to Execute Balancing Authority Participation Agreement  
between BANC and CCFC Sutter Energy, LLC**

As briefed during the December 2017 Balancing Authority of Northern California (BANC) Commission meeting, the Sacramento Municipal Utility District (SMUD) is entering into an agreement to purchase capacity and energy from CCFC Sutter Energy, LLC (Sutter).<sup>1</sup> The basic construct of the agreement is to internalize the Sutter Energy Center (SEC) into SMUD operations, with SMUD assuming operational control of the facility and also assuming liability for the consequences of operation of the plant for the purposes of BANC-applicable reliability standard compliance. While this is a relatively simple concept that largely leaves BANC materially unaffected, the complexity of the existing arrangements (third party generator, interconnection and transmission service to Western Area Power Administration – Sierra Nevada Region (WAPA), and a pseudo-tie to the California Independent System Operator (CAISO)) necessitate execution of new agreements to reflect the new commercial agreement between the generator owner and SMUD. As such, BANC and Sutter anticipate entering into a Balancing Authority Participation Agreement to facilitate the transfer of the SEC from the CAISO Balancing Authority (BA) -- as an existing pseudo-tie -- into the BANC BA.

As mentioned briefly above and discussed at the December Commission meeting, SMUD has been in negotiations with Calpine Energy Services, LP (Calpine), the commercial energy sales division of Calpine Corporation, to restart a portion of the SEC, which is interconnected to the WAPAs system at the O'Banion substation. The contract will be for capacity and energy commencing in April 2018 through October 2019, with an option to extend one year (to October 31, 2020).

While currently not running, the SEC has been operated through a pseudo-tie arrangement with the CAISO (dynamically transferred from the BANC BA Area to the CAISO BA Area) and therefore treated as an internal CAISO generator. In order to effectuate the commercial arrangement between SMUD and Calpine, the existing pseudo-tie into the CAISO BA Area of the SEC will be temporarily suspended, and the SEC will become a generator within the BANC BA Area. For this reason, SEC will require an agreement with

<sup>1</sup> CCFC Sutter LLC is subsidiary of Calpine Corporation.

BANC, referred to as a Balancing Authority Participation Agreement (BAPA), to address the respective rights and obligations of both BANC and SEC/CCFC Sutter Energy, LLC.

The BAPA is largely a backstop agreement, because many of the obligations are addressed through the interconnection agreement between SEC and WAPA. Additionally, because SMUD will be the full recipient of the SEC output, SEC will be moved via a pseudo-tie-like arrangement from the WAPA sub-BA to the SMUD sub-BA and operated as an internal SMUD unit (SMUD will hold WAPA harmless and take on any and all obligations in support of the contracted portion of the unit). Thus, there will be an operating agreement between SMUD and Sutter to describe the operational requirements. Because SEC will be treated as an internal SMUD unit, SMUD will hold BANC harmless for any BA compliance risks. This will be addressed prior to the commencement of SEC operations (April 2018) through a letter agreement or some equivalent.

Because BANC does not routinely host merchant generators in its BA, we had to develop this agreement (BAPA) based on the context of the proposal but also consistent with BANC's existing form and format. In addition to the BAPA, there are several other agreements being developed to facilitate the transaction, including agreements for services between SMUD and SEC/Calpine, a transfer agreement between WAPA and SMUD, and other supporting arrangements (e.g., to address EMS and other changes). On the BANC side, Schedule 2 of the BANC-CAISO Dynamic Transfer Balancing Authority Operating Agreement (DTBAOA) must also be amended to remove SEC as a Pseudo Tie Resource. This is a simple change which requires no approvals from FERC.

Finally, because the commercial arrangement between Calpine and SMUD extends through EIM start-up, SEC will be part of SMUD's EIM resource portfolio. Both this agreement, as well as some of the other arrangements, address this.

BANC Counsel recognizes that there are many moving parts here, but this is largely driven by the complexity of the current arrangement, not the underlying commercial agreement between SMUD and Calpine that is driving the changes. Accordingly, BANC Counsel recommends that the Commission authorize the General Manager to execute the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC, in substantially final form.

BANC counsel further recommends that the Commission authorize the General Manager to make changes to Schedule 2 of the DTBAOA to reflect the removal of the SEC as a pseudo tie resource from the BANC BA Area to the CAISO BA Area, and to take other actions within authorized delegations to effectuate the BAPA.

**Balancing Authority of Northern California  
Resolution 20-05-11**

**AUTHORIZATION TO EXECUTE AMENDMENTS TO THE BALANCING AUTHORITY PARTICIPATION  
AGREEMENT BETWEEN BANC AND CCFC SUTTER ENERGY, LLC AND AMEND SCHEDULE 2 OF  
THE DYNAMIC TRANSFER BALANCING AUTHORITY OPERATING AGREEMENT**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, the Sacramento Municipal Utility District (“SMUD”) has a contract with CCFC Sutter Energy, LLC (“Calpine”) to purchase approximately one half of the output of the approximately 550 MW Sutter Energy Center power plant (“SEC”), which is interconnected to the Western Area Power Administration – Sierra Nevada Region (“WAPA”) transmission system; and

WHEREAS, it was determined that BANC and Calpine should enter into a Balancing Authority Participation Agreement (“BAPA”) to address the respective rights and obligations of both BANC and Calpine due to the SEC operating in the BANC Balancing Authority and selling the capacity and energy from one-half of the SEC to SMUD; and

WHEREAS, Calpine now wishes to sell the other half of the SEC output into the market run by the California Independent System Operator (“CAISO”); and

WHEREAS, in order to effectuate SEC sales from the BANC Balancing Authority to the CAISO Balancing Authority, the SEC will be split through the use of metering, whereby approximately one-half of the metered output will be sold into the CAISO market through the use of a Pseudo Tie between the BANC Balancing Authority and the CAISO Balancing Authority; and

WHEREAS, due to the expanded operation of the SEC in the BANC Balancing Authority, certain changes to the BAPA are required to address the Pseudo Tie of SEC into the CAISO Balancing Authority; and

WHEREAS, by dynamically transferring the other half of the SEC out of BANC Balancing Authority to the CAISO Balancing Authority through the use of a Pseudo Tie, SEC needs to be added to Schedule 2 of the CAISO-BANC Dynamic Transfers Balancing Authority Operating Agreement (“DTBAOA”), the agreement which establishes to operational and business protocols for dynamic transfers between the BANC and CAISO Balancing Authority Areas.

**Balancing Authority of Northern California  
Resolution 20-05-11**

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby:

1. Authorize and direct the General Manager to execute the Amended and Restated BAPA between BANC and Sutter Energy, LLC as attached in substantially final form; and
2. Authorize and direct the General Manager to amend Schedule 2 of the CAISO-BANC Dynamic Transfer Balancing Authority Operating Agreement to add the SEC as a Pseudo Tie resource.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 20<sup>th</sup> day of May 2020, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takehara				
SMUD	Arlen Orchard				
TPUD	Paul Hauser				

\_\_\_\_\_  
Dan Beans  
Chair

\_\_\_\_\_  
Attest by: C. Anthony Braun  
Secretary

**AMENDED AND RESTATED**  
**BALANCING AUTHORITY PARTICIPATION AGREEMENT**  
**BETWEEN THE**  
**BALANCING AUTHORITY OF NORTHERN CALIFORNIA**  
**AND**  
**CCFC SUTTER ENERGY, LLC**

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Draft

## **1 PREAMBLE**

This Amended and Restated Balancing Authority Participation Agreement (Agreement) is entered into between the BALANCING AUTHORITY OF NORTHERN CALIFORNIA, a joint exercise of powers agency organized under Section 6500 *et seq.*, of the California Government Code, hereinafter called “BANC,” its successors and assigns; and CCFC SUTTER ENERGY, LLC, a Delaware limited liability company, hereinafter called “Sutter,” its successors and assigns. Sutter wholly owns the Sutter Energy Center power plant (SEC), located near Yuba City in Sutter County, California, which is interconnected to the Western Area Power Administration – Sierra Nevada Region (WAPA) transmission system. BANC and Sutter may be referred to herein individually as the “Party” or collectively as the “Parties.”

## **2 EXPLANATORY RECITALS**

- 2.1** WHEREAS, SEC became part of the BANC Balancing Authority (BA) upon the effective date of the original Balancing Authority Participation Agreement (BAPA), in February of 2018;
- 2.2** WHEREAS, under the BAPA, SEC was treated as a Sacramento Municipal Utility District (SMUD) internal system resource, in spite of being connected to the WAPA system at the Obanion 230-kV bus, and operated in accordance with an operating agreement between Sutter and SMUD and other Phase 1 Operation Enabling Agreements, defined herein;
- 2.3** WHEREAS, Phase 1 Operation limited output of SEC to approximately one-half of its available capacity;
- 2.4** WHEREAS, Phase 2 Operation, defined herein and which is addressed in this Agreement, pertains to the expanded operation of SEC to allow output up to its full WAPA interconnection capacity of 550 MW;
- 2.5** WHEREAS, the CAISO has proposed an arrangement to split the physical SEC resource into two logically metered generating units (each a “Split Resource”) with one generating unit pseudo-tied to the CAISO BA Area and the other to remain in the BANC BA Area (BAA);
- 2.6** WHEREAS, on April 30, 2020, the CAISO filed with FERC seeking approval of the Split Resource arrangement through a “Split Resource Participation Agreement,” in FERC Docket No. ER20-1902-00, seeking an effective date of July 1, 2020;
- 2.7** WHEREAS, BANC and the CAISO have previously entered into a Dynamic Transfer Balancing Authority Operating Agreement (DTBAOA), which originally became effective on June 28, 2012, to address the technical, operational and regulatory requirements regarding dynamic transfers, both Dynamic Schedules and Pseudo Ties, between the BANC and CAISO BAs in compliance with applicable NERC and WECC reliability standards and Good Utility Practice;

- 2.8 WHEREAS, prior to the BAPA, all of SEC's output was pseudo-tied to the CAISO BAA from the BANC BAA under the terms of the DTBAOA;
- 2.9 WHEREAS, the DTBAOA satisfies the inter-BA responsibilities of the SEC Split Resource (and pseudo-tie) between the BANC and CAISO BAAs; and
- 2.10 WHEREAS, this Agreement is intended to address the rights and obligations between the BANC BA, as the host BA to the SEC, and SEC, as a resource within the BANC BA, with respect to SEC operations.

**NOW THEREFORE**, in view of the understandings set forth in the recitals above, which the Parties acknowledge and agree are accurate representations of the facts, the Parties agree to the terms of this Agreement that set forth the roles, obligations, and responsibilities of each Party to one another.

### 3 DEFINITIONS

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved NERC Glossary of Terms used in NERC Reliability Standards, the NERC Functional Model, the CAISO Tariff or as commonly used and accepted in industry.

- 3.1 **Balancing Authority** shall mean the responsible entity that integrates resource plans ahead of time, matches generation and load, maintains interchange with other Balancing Authority Areas, and maintains frequency in real time of the electric power systems.
- 3.2 **Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered electrical boundaries of the Balancing Authority.
- 3.3 **Balancing Authority Participation Agreement or BAPA** has the meaning set forth in Section 2.1.
- 3.4 **CAISO Tariff** shall mean the CAISO's open access transmission tariff filed with, and approved by, FERC, as that tariff may be amended from time-to-time.
- 3.5 **Commission** shall mean the "BANC Commission," as established in the BANC Joint Powers Agreement, as that agreement may be amended from time-to-time.
- 3.6 **Confidential Information** shall mean : (a) all written materials marked "Confidential," "Proprietary," or with words of similar import provided to a Party by another Party; and (b) all observations of equipment (including computer screens) and oral disclosures related to a Party's systems, operations, or activities that are indicated as such at the time of observation or disclosure (or are identified as "confidential" or "proprietary" in a letter sent to another Party no later than five (5) calendar days after the disclosure), respectively. Confidential Information includes portions of

documents, records, and other material forms or representations that any Party may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

- 3.7** *EIM Entity* shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time. BANC is the EIM Entity under this Agreement.
- 3.8** *Electric System* shall mean all properties and assets that are owned or operated by a Party, including any interests in joint powers agency facilities, that are used for or pertain to the generation, transmission, transformation, or distribution of electric power, including all additions, replacements, extensions, expansions, improvements, and betterments thereto, and equipment associated therewith. Communication systems and equipment associated with operation of the Electric System shall be included as part of a Party's Electric System. To the extent a Party is not the sole owner of an asset or property, only that entity's ownership portion or entitlement in such property shall be considered as a part of its Electric System.
- 3.9** *Energy Imbalance Market or EIM* shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time.
- 3.10** *Extended Day Ahead Market or EDAM* shall mean, generally, the CAISO's proposed market design whereby the EIM would be extended to include the CAISO's Day Ahead Market for Balancing Authority Areas participating as EIM Entities.
- 3.11** *FERC* shall mean the "Federal Energy Regulatory Commission," or its successor.
- 3.12** *First Confirmation Agreement* shall mean the commercial confirmation agreement executed on December 15, 2017, between SMUD and Calpine Energy Services, L.P., pursuant to the WSPP Agreement, which details the commercial terms for Phase 1 Operation, as subsequently amended and modified, and that of which expires at midnight, October 31, 2020.
- 3.13** *NERC* shall mean the "North American Electric Reliability Corporation," or its successor.
- 3.14** *Phase 1 Operation* shall mean the delivery of products dedicated to SMUD under the terms of the First Confirmation Agreement, including required commissioning and testing activities for SEC. To enable Phase 1 Operation, SEC is operated as an internal SMUD system resource in accordance with the relevant Phase 1 Operation Enabling Agreements.
- 3.15** *Phase 1 Operation Enabling Agreements* shall mean the agreements among and between Sutter, WAPA, BANC, and SMUD that enabled Phase 1 Operation. The Phase 1 Operation Enabling Agreements are set forth in Exhibit A to this Agreement.
- 3.16** *Phase 2 Operation* shall mean the operation of SEC up to its full interconnection capacity of 550 MW which will be conducted under the terms of the Split Resource Participation Agreement between Sutter and the CAISO.

- 3.17 Phase 2 Operation Enabling Agreements** shall mean the agreements among and between Sutter, WAPA, BANC, and SMUD that enable Phase 2 Operation. The Phase 2 Operation Enabling Agreements are set forth in Exhibit B to this Agreement.
- 3.18 Pseudo Tie** shall have the meaning set forth in the CAISO Tariff as that tariff may be amended from time to time.
- 3.19 Reliability Standards** shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by FERC under Section 215 of the Federal Power Act and WECC applicable Regional Criteria referenced in FERC-approved Reliability Standards.
- 3.20 Split Resource** shall mean the dividing of SEC physical resource into two separate units through the use of logical metering which would be allocated in a manner consistent with the Split Resource Participation Agreement.
- 3.21 Split Resource Participation Agreement** shall mean that agreement, approved by FERC, describing the operational relationship between the Split Resources, the Split Resource owner, Sutter, and the CAISO.
- 3.22 Sub-Balancing Authority Areas** shall mean sub balancing authority areas that are part of the BANC Balancing Authority Area, which at present includes the collection of generation, transmission, and loads within the metered electrical boundaries of WAPA and SMUD, respectively.
- 3.23 WECC** shall mean the “Western Electricity Coordinating Council,” or its successor.

## **4 TERM AND TERMINATION**

### **4.1 Effective Date**

The Agreement shall be effective upon the later of: 1) the execution by the last Party; or 2) FERC approval of the CAISO Split Resource Participation Agreement in a form acceptable to SEC in its sole discretion (the “Effective Date”).

### **4.2 Term**

This Agreement shall become effective upon the Effective Date and shall remain in effect until terminated in accordance with Section 4.3.

### **4.3 Termination**

This Agreement may be terminated by a Party upon ninety (90) days advanced written notice to the other Party; provided that such termination shall not be effective against Sutter, unless and until Sutter provides notice to BANC that Sutter has obtained agreements with and transitioned to a replacement Balancing Authority that has certification to provide

balancing authority services to or for SEC. Notwithstanding the foregoing, Sutter shall use reasonable efforts to obtain such agreements and transition to a replacement Balancing Authority.

This Agreement may also be terminated, if after the Effective Date, FERC subsequently modifies its approval of, or terms or conditions associated with, the Split Resource Participation Agreement in a manner unacceptable to SEC in its sole discretion. For the absence of doubt, in this case, BANC will work with Sutter to amend the BAPA to the extent necessary to maintain the rights and obligations of the Parties under the BAPA.

## **5 BANC AND SUTTER OBLIGATIONS**

### **5.1 BANC Obligations**

BANC agrees to support Sutter in accordance with the following:

- 5.1.1 Cooperate with the CAISO, Sutter, WAPA and SMUD to effectuate the implementation of the SEC Split Resource Participation Agreement thereby allowing Phase 2 Operation;
- 5.1.2 Comply with all Reliability Standards applicable to its Balancing Authority Area, either directly or through agreements with Sub-Balancing Authority Areas;
- 5.1.3 Work with the CAISO in any efforts to amend Schedule 2 of the CAISO-BANC Dynamic Transfer Balancing Authority Operating Agreement to add SEC as a listed resource;
- 5.1.4 Provide Sutter with clear written directions and/requests related to BANC's EIM Entity needs and requirements as they specifically relate to SEC;
- 5.1.5 Upon termination of this Agreement, unless otherwise agreed, cooperate with Sutter to transition Sutter to its former service arrangements with BANC, WAPA and the CAISO;
- 5.1.6 As the BANC Balancing Authority operator, support and address any Energy Management System (EMS) changes to convert SEC from a BANC generating resource in the BANC Balancing Authority Area to a Split Resource able to operate in either or both the BANC Balancing Authority Area and the CAISO Balancing Authority Area, including addressing and coordinating all BANC Balancing Authority operational requirements for SEC as a generating resource in the BANC Balancing Authority Area;

## **5.2 Sutter Obligations**

- 5.2.1 Operate SEC in accordance with Reliability Standards and applicable to Generator Owners and Generator Operators in the BANC Balancing Authority Area;
- 5.2.2 Cooperate with the BANC Balancing Authority operator in providing any information necessary for BANC to meet its Balancing Authority Area Reliability Standards obligations;
- 5.2.3 Follow any operational directives from the BANC Balancing Authority operator, provided that any such directive does not compromise the health and safety of Sutter employees or its Electric System or does not violate any applicable law or permit or the Split Resource Participation Agreement;
- 5.2.4 Cooperate in any compliance investigations by BANC relating to any potential or actual violations of Reliability Standards applicable to the BANC Balancing Authority which directly or indirectly involve SEC;
- 5.2.5 Communicate and coordinate with the relevant Operations Contacts set forth in Appendix 2 SEC planned and forced outage information in accordance with the relevant updated and/or amended Phase 2 Operation Enabling Agreement(s);
- 5.2.6 Promptly provide any information reasonably requested by the BANC Balancing Authority operator related to a major incident involving SEC;
- 5.2.7 Ensure that all Phase 1 Operation Enabling Agreements, described in Exhibit A to this Agreement, have been appropriately updated and amended to be consistent with Phase 2 Operation and thereafter provided in Exhibit B, Phase 2 Operation Enabling Agreements;
- 5.2.8 Cooperate with BANC with respect to ongoing EIM operations and possible expansion into a day ahead market framework, currently referred to as the “Extended Day Ahead Market” or “EDAM;”
- 5.2.9 Update the other Party as soon as practicable with respect to changes to the Operation Contacts in Appendix 2.

## **6 ADDITIONAL ACKNOWLEDGEMENTS**

The Parties further acknowledge the following:

- 6.1** BANC is currently not a transmission service provider and does not have an Open Access Transmission Tariff (OATT), and therefore, unless and until BANC enters into arrangements to provide such services, BANC is not responsible for the provision of any transmission services, including, but not limited to, generator imbalance service or

transmission rights. Sutter and/or its counterparties are solely responsible for transmission services for the delivery of the products in Phase 2 Operation.

- 6.2** BANC is not an energy service provider or a load serving entity; therefore, unless and until BANC enters into arrangements to provide such services, BANC cannot provide station service power for SEC. Sutter is solely responsible to arrange for station service power through a third party services provider.

## **7 COSTS AND COMPENSATION**

Neither Party shall be responsible for any costs incurred in the performance of this Agreement, unless otherwise agreed to, in writing, between the Parties.

## **8 LIABILITY**

### **8.1 General**

Except for any loss, damage, claim, cost, charge, or expense resulting from gross negligence or intentional misconduct, or for the nonpayment of monies due, neither Party, its directors, members of governing bodies, officers, employees, or agents shall be liable to the other Party for any death, injury, loss, damage, claim, cost, charge, or expense of any kind or nature incurred by the other Party, including, without limitation, direct, indirect, or consequential loss, damage, claim, cost, charge, or expense; and whether or not resulting from the negligence of any Party, its directors, members of governing bodies, officers, employees, or any person or entity whose negligence would be imputed to such Party from the performance or non-performance of the obligations under the Agreement. Except for any death, injury, loss, damage, claim, cost, charge, or expense resulting from willful action, each Party releases the other Party, their directors, members of governing bodies, officers, employees, or agents from any such liability.

### **8.2 Reliability Standards**

BANC shall be responsible for addressing all violations of applicable Reliability Standards or directives from an enforcement authority applicable to the BANC Balancing Authority. Nothing in this Section relieves Sutter from its obligations under Section 5.2 of this Agreement.

## **9 CONFIDENTIALITY**

### **9.1 Treatment of Confidential Information**

The Parties recognize and agree that for the purposes of complying with applicable Reliability Standards and responding to any report or notice of potential violation, they may receive information from each other that has been marked as Confidential Information.

Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the other Party. Except with respect to the review of a BANC internal compliance investigation report for which the SEC was directly or indirectly involved in the underlying alleged violation of a Reliability Standard applicable to the BANC Balancing Authority, for purposes of this Section 10, except as expressly agreed to by Sutter in writing, members of BANC are not a Party with whom Confidential Information of Sutter may be shared.

## **9.2 Required Disclosure of Confidential Information**

As required by subpoena, the California Public Records Act, or any other binding legal or regulatory process(es), the Parties may be required to disclose Confidential Information so designated by the other Party. Compliance with a subpoena, request(s) under the California Public Records Act, or other binding legal or regulatory process(es) shall not constitute a breach of this Agreement. If either Party is required to disclose any Confidential Information so designated by the other Party, the disclosing Party shall notify the other Party in writing as promptly as feasible so that the other Party may, if it so chooses and at its own expense, challenge the disclosure or seek a protective order. The disclosing Party shall reasonably cooperate in resolving the dispute.

## **9.3 Third Parties**

Except as set forth herein, each Party shall keep Confidential Information in confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity other than its employees, consultants, or attorneys without the prior written consent of the other Party. Each Party will cause each of its employees, contractors, sub-contractors, sub-contractors' employees, and agents who will have access to Confidential Information, if any, to acknowledge that they have read this Agreement and agree to abide by all of its terms regarding the use and disclosure of Confidential Information.

# **10 DISPUTE RESOLUTION**

In the event of any dispute regarding the terms, conditions and performance of this Agreement, the Parties shall attempt in good faith to promptly resolve any such dispute informally by negotiations between an executive representative, or his or her delegate, from each Party. If the matter cannot be resolved informally, any Party shall proceed as follows:

## **10.1 Mediation**

Either party may initiate a mediation of the controversy. All negotiations, settlement conferences, compromise discussions, and any mediation conducted pursuant to this clause are non-binding, confidential, and shall be treated as compromise and settlement negotiations.

## **10.2 Arbitration**

In the absence of a voluntary resolution reached in accordance with this Section, then the Parties may submit the dispute for arbitration before a single arbitrator in accordance with the provisions of this Section and in accordance with the Commercial Arbitration Rules of the American Arbitration Association (Rules).

## **10.3 Fees**

The fees and expenses of any arbitrator will be shared equally by the Parties.

## **10.4 Notice of Arbitration**

Any Party desiring arbitration will serve on the other Party and the San Francisco, California office of the American Arbitration Association, in accordance with the Rules, its notice of intent to arbitrate (Arbitration Notice). In no event may a dispute be commenced under this Section regarding the terms, conditions and performance of this Agreement later than three (3) months before the applicable statutes of limitations would run upon institution of legal or equitable proceedings based on such dispute, controversy, or claim. In order to meet the time period for filing a claim under California Government Code Section 911.2, the time period for filing a claim shall be tolled from the date of filing an Arbitration Notice pursuant to this Subsection.

## **10.5 Appointment of Arbitrator**

If the Parties cannot agree on an arbitrator, then the Parties shall make application to the San Francisco, California office of the American Arbitration Association for the appointment of a single arbitrator who shall serve as the arbitrator under this Section.

## **10.6 Conduct of the Arbitrator**

The arbitrator selected to act hereunder shall be qualified by education, experience, and training to pass upon the particular controversy in dispute. The arbitrator shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the controversy in issue. The arbitrator will determine all questions of fact and law relating to any dispute, controversy or claim that arises under, out of, or in relation to the Agreement. The arbitration shall be held and completed no later than three (3) months following the Arbitration Notice provided in Section 11.4. The arbitrator shall determine the matters submitted to him or her pursuant to the provisions of this Agreement and render a decision thereon no later than sixty (60) calendar days after the arbitration has been completed.

## **10.7 Finality and Enforcement of Decision**

Any decision or award of an arbitrator shall govern, and the decision in writing shall be final, non-appealable, and binding on the Parties, subject to vacation only as expressly set forth under the provisions of Part 3 of Title 9 of the California Code of Civil Procedure

(and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9). Each of the Parties hereto agrees that the arbitrator's award may be enforced against it or its assets wherever they may be found and that a judgment upon an arbitrator's award may be entered in any court having jurisdiction thereof. The arbitration award may be confirmed and judgment entered in accordance with the provisions of Part 3 of Title 9 of the California Code of Civil Procedure (and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9).

### **10.8 Damages and Equitable Relief**

With the exception of consequential damages, the arbitrator shall have the power to award damages, or equitable relief, including specific performance.

### **10.9 Continuing Performance Obligations**

While a dispute, controversy, or claim is pending, each Party will continue to perform its respective obligations under the Agreement, unless such Party is otherwise entitled to suspend its performance hereunder or terminate the Agreement in accordance with the terms hereof.

## **11 AMENDMENT**

Except as specified above and in the attached exhibits, which shall be amended in accordance with the terms set forth therein, this Agreement may only be amended or otherwise modified with the written agreement of the Parties.

## **12 GOVERNING LAW**

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

## **13 NO THIRD PARTY BENEFICIARIES**

No right or obligation contained in this Agreement shall inure to the benefit of any person or entity not a Party to this Agreement. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any third party, including members of BANC.

## **14 ASSIGNMENTS**

BANC or Sutter may make an assignment of its rights and obligations under this Agreement only after obtaining the written consent of the other Party, which consent shall not be unreasonably

withheld. A Party's assignee shall expressly assume, in writing, the duties and obligations of such Party under this Agreement and shall immediately furnish or cause to be furnished to the other Party a true and correct copy of the documents evidencing such assignment and assumption of duties and obligations. The assigning Party shall give notice to and provide the other Party with a copy of the documents evidencing such proposed assignment no less than thirty (30) calendar days prior to the proposed effective date of the assignment. Each Party shall give notice of its consent or denial of consent within such thirty (30) day period in accordance with Section 22 of this Agreement.

## **15 NO EXCLUSIVE REMEDY**

Subject to the provisions of Section 11 (Dispute Resolution), no remedy in this Agreement conferred upon or reserved to any Party is intended to be exclusive of any other remedy or remedies available under this Agreement or existing at law, in equity, by statute, or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other remedy under this Agreement or now or hereafter existing at law or in equity or otherwise provided by statute. The pursuit by any Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or at law, in equity, by statute, or otherwise.

## **16 UNCONTROLLABLE FORCE**

- 16.1** No Party shall be considered to be in default in the performance of any of its obligations when a failure to perform is due to an Uncontrollable Force.
- 16.2** No Party shall be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of an Uncontrollable Force. The term "Uncontrollable Force" for the purpose of this Agreement shall mean any cause beyond the control of the Party affected, including but not limited to flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid. Any Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise commercially reasonable efforts to remove such inability with all reasonable dispatch.
- 16.3** Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved.
- 16.4** In the event a Party is rendered unable to fulfill any of its obligations under this Agreement by reason of an Uncontrollable Force, such Party shall give prompt written notice of such fact to the other Party and shall seek to remove such inability with all reasonable dispatch.

## **17 JUDGEMENTS AND DETERMINATIONS**

When the terms of this Agreement provide that an action may or must be taken, or that the existence of a condition may be established, based on a judgment or determination of a Party, such action or judgment shall be exercised or such determination shall be made in good faith and where applicable in accordance with Good Utility Practice, and shall not be arbitrary or capricious.

## **18 NON-WAIVER**

Any waiver at any time by a Party of its rights with respect to any default or other matter arising in connection with this Agreement shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

## **19 SEVERABILITY**

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

## **20 NO DEDICATION OF FACILITIES**

Any undertaking by a Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication of its Electric System or any portion thereof by the undertaking Party to the public, to any other Party, or to any third party, and any such undertaking by a Party shall cease upon the termination of such Party's obligations under this Agreement. The Electric System of a Party shall at all times be, and remain, in the exclusive ownership, possession, and control of that Party, and nothing in this Agreement shall be construed to give the other Party any right of ownership, possession, or control of such Electric System.

## **21 NOTICES**

Any notice, demand, or request in accordance with this Agreement, shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by first class United States mail, postage prepaid, by confirmed electronic facsimile or by prepaid commercial courier service to a Party via its representative or alternate representative at the address set forth in Appendix 1, unless otherwise provided in this Agreement. Any Party may at any time change the designation or address of a person, or persons, specified in Appendix 1 or Appendix 2 upon written notice to the other Party designated for such notice. Such written notice shall further be provided to the BANC Compliance Officer and the BANC General Counsel. Such changes to Appendix 1 or Appendix 2 shall not constitute an amendment to this Agreement.

## **22 PRESERVATION OF OBLIGATIONS**

Upon termination of this Agreement, all unsatisfied obligations of each Party shall be preserved until satisfied.

## **23 APPENDICES AND EXHIBITS MADE PART OF AGREEMENT**

Referenced Appendices and Exhibits shall become a part of this Agreement; however, may be amended as provided above and individually therein. The initial Appendices 1 and 2 and Exhibit A are attached hereto and shall be in force and effect in accordance with their respective terms until superseded by a subsequent appendix or exhibit or modified in accordance with this Agreement and the terms thereof.

## **24 MULTIPLE COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

## **25 SIGNATURE CLAUSE**

The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign.

**IN WITNESS THEREOF**, the Parties have executed this Agreement and it is effective as of the Effective Date set forth in Section 4.1.

**Balancing Authority of Northern California**

By: \_\_\_\_\_

Name: James R. Shetler

Title: General Manager

Date: \_\_\_\_\_

**CCFC Sutter Energy, LLC**

By: \_\_\_\_\_

Name: Alexandre B. Makler

Title: Vice President

Date: \_\_\_\_\_

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## Appendix 1 – Notices

### CCFC Sutter Energy, LLC

Name of Primary Representative:	Scheduling
Title:	West Pre-Schedule
Company:	CCFC Sutter Energy, LLC
Address:	717 Texas Avenue, Suite 1000
City/State/Zip Code:	Houston, TX 77002
Email Address:	WestPreschedule@calpine.com
Phone:	(713) 830-8684 / (713) 830-8325 / (713) 830-2039 Satellite-Enabled Phone – 480-756-8188
Fax:	

Name of Alternative Representative:	West Real Time Group
Title:	Real-Time Operations
Company:	CCFC Sutter Energy, LLC
Address:	717 Texas Avenue, Suite 1000
City/State/Zip Code:	Houston, TX 77002
Email Address:	wrtg@calpine.com
Phone:	(713) 830-8930 / (713) 830-8793
Fax:	

Name of Alternative Representative:	Gevan Reeves
Title:	Vice President
Company:	CCFC Sutter Energy, LLC
Address:	3003 Oak Road, Suite 400
City/State/Zip Code:	Walnut Creek, CA 94597
Email Address:	greeves@calpine.com
Phone:	(925) 557-2254
Fax:	(925) 479-9608

### Balancing Authority of Northern California

Name of Primary Representative:	James R. Shetler
Title:	General Manager
Company:	Balancing Authority of Northern California
Address:	P.O. Box 15830, MS D109
City/State/Zip Code:	Sacramento, CA 95852-1830
Email Address:	jimshetler@thebanc.org
Phone:	(916) 870-3774
Fax:	

Name of Alternative Representative:	C. Anthony Braun
Title:	General Counsel
Company:	Braun Blaising Smith Wynne, P.C.
Address:	915 L Street, Suite 1480
City/State/Zip Code:	Sacramento, CA 95814
Email Address:	braun@braunlegal.com
Phone:	916-326-5812
Fax:	916-330-4337

This Appendix 1 may be updated as needed by either Party without formal amendment to this Agreement. Any changes will be provided to all individuals listed herein. Email may be used to communicate the revisions.

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## Appendix 2 – Operations Contacts

### CCFC Sutter Energy, LLC

<b>Primary Interpersonal Communication:</b>	
Calpine West Desk Real Time CICS0 IP Phone	713-830-8930 713-830-8793
Calpine West Desk Real Time Operations Email Address:	Westgen2@calpine.com
Calpine West Desk Day Ahead Scheduling CISCO IP Phone	713-830-8325 713-830-8684
Calpine West Desk Day Ahead Scheduling Email Address	WestPreschedule@calpine.com
<b>Alternate Interpersonal Communication:</b>	
Satellite-Enabled Phone	480-756-8188

### Balancing Authority of Northern California (BANC Operator – SMUD System Operations)

<b>Real-Time Operations:</b>	
Balancing Area Desk (Shift Senior):	916-732-6730
Generation (AGC) Desk (Real-Time Outages):	916-732-6225
Outage Coordination:	To Be Added
Interchange Authority:	916-732-6739
Transmission Desk:	916-732-5964
Fax:	916-732-6313
<b>Day Schedule Operations:</b>	
Director, Grid Operations:	916-732-5451 (Mark Willis)
Manager, Power System Operations:	916-732-6697 (Norm Szczepanski)

This Appendix 2 may be updated as needed by either Party without formal amendment to this Agreement. Any changes will be provided to all individuals listed herein. Email may be used to communicate the revisions.

**EXHIBIT A: Description of “Phase 1 Operation Enabling Agreements”**

<b>WAPA Contracts</b>	<b>Description</b>
17-SNR-02107	Funding agreement to compensate WAPA for the activities it performs to assist in the pseudo-tie of the SEC to the SMUD Sub-Balancing Authority Area.
18-SNR-02117	Cooperation Letter of Agreement between WAPA and CCFC Sutter Energy, LLC under which the parties acknowledge and agree to use good faith efforts to either consent, when appropriate in WAPA’s case, or to execute the necessary agreements and arrangements necessary to effectuate the transfer of SEC to the BANC Balancing Authority Area, and to effectuate the SEC-SMUD Transaction on or before February 22, 2018.
04-SNR-00739 Exhibit E, Revision 5	Updates the contingency reserve obligations between WAPA and SMUD to reflect changes needed as the result of the SEC’s pseudo-tie to the SMUD Sub-Balancing Authority Area.
92-SAO-400007 Exhibit A, Revision 5	Updates the points of delivery under the transmission contract to allow for the O’Banion 230-kV Substation to be recognized as a point of delivery for station service needs of the SEC.
18-SNR-02116	Documents the coordination necessary between SMUD and WAPA to implement the operation of the SEC power plant under a power supply arrangement executed between SMUD and Calpine Energy Services, L.P.
14-SNR-01858	WAPA Open-Access Tariff Enabling Agreement, enables SMUD requests for monthly point-to-point transmission service to provide for delivery of Sutter energy output to SMUD. SMUD to arrange using WAPA-SNR OASIS.
<b>SMUD Contracts</b>	
SMUD-CCFC Sutter Energy, LLC SBA Pseudo- Tie Implementation LOA (K642)	Cooperation Letter of Agreement in which SMUD and CCFC Sutter Energy, LLC agree to work together to implement the transfer of the SEC to the SMUD Sub-Balancing Authority Area by February 22, 2018 and for coordination of initial plant operation and Phase 2 Operation. Includes terms of station service to SEC (either by SMUD or self-provided).
SMUD-WAPA SBA Pseudo-Tie Implementation LOA (K643)	Cooperation Letter of Agreement in which SMUD and WAPA agree to work together to implement the transfer of the SEC to the SMUD Sub-Balancing Authority Area by February 22, 2018 and for coordination of initial plant operation and Phase 2 Operation.
<b>CAISO Filing(s)</b>	
CAISO Docket No. ER 18-474- 000	Informational filing (December 19, 2017) of update to technical information contained in Schedule 1 to the Pseudo Participating Generator Agreement between the CAISO and CCFC Sutter Energy, LLC (note: the filing was made to effectuate a suspension of the Pseudo-Tie of the SEC generating resource into the CAISO Balancing Authority Area).

## **Amendments**

This Exhibit A may be supplemented from time-to-time as determined by the Parties without formal amendment to this Agreement. Any changes to this Exhibit A shall described in writing and transmitted to all Parties to the Agreement within seven (7) business days.

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**EXHIBIT B: Description of “Phase 2 Operation Enabling Agreements”**

1. CAISO-CCFC Sutter Energy, LLC Split Resource Participation Agreement, effective July 1, 2020 (FERC Docket No. ER20-1902-000, filed April 30, 2020, approved by FERC,        )

**TO BE ADDED: AMENDED OR REVISED AGREEMENTS AS STILL APPLICACABLE**

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AMENDED AND RESTATED

**BALANCING AUTHORITY PARTICIPATION AGREEMENT**

**BETWEEN THE**

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

**AND**

**CCFC SUTTER ENERGY, LLC**

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1 PREAMBLE

This Amended and Restated Balancing Authority Participation Agreement (Agreement) is entered into between the BALANCING AUTHORITY OF NORTHERN CALIFORNIA, a joint exercise of powers agency organized under Section 6500 et seq., of the California Government Code, hereinafter called "BANC," its successors and assigns; and CCFC SUTTER ENERGY, LLC, a Delaware limited liability company, hereinafter called "Sutter," its successors and assigns. Sutter wholly owns the Sutter Energy Center power plant (SEC), located near Yuba City in Sutter County, California, which is interconnected to the Western Area Power Administration – Sierra Nevada Region (WAPA) transmission system. BANC and Sutter may be referred to herein individually as the "Party" or collectively as the "Parties."

2 EXPLANATORY RECITALS

- 2.1 WHEREAS, SEC became part of the BANC Balancing Authority (BA) upon the effective date of the original Balancing Authority Participation Agreement (BAPA), in February of 2018;
- 2.2 WHEREAS, under the BAPA, SEC was treated as a Sacramento Municipal Utility District (SMUD) internal system resource, in spite of being connected to the WAPA system at the Obanion 230-kV bus, and operated in accordance with an operating agreement between Sutter and SMUD and other Phase 1 Operation Enabling Agreements, defined herein;
- 2.3 WHEREAS, Phase 1 Operation limited output of SEC to approximately one-half of its available capacity;
- 2.4 WHEREAS, Phase 2 Operation, defined herein and which is addressed in this Agreement, pertains to the expanded operation of SEC to allow output up to its full WAPA interconnection capacity of 550 MW;
- 2.5 WHEREAS, the CAISO has proposed an arrangement to split the physical SEC resource into two logically metered generating units (each a "Split Resource") with one generating unit pseudo-tied to the CAISO BA Area and the other to remain in the BANC BA Area (BAA);
- 2.6 WHEREAS, on April 30, 2020, the CAISO filed with FERC seeking approval of the Split Resource arrangement through a "Split Resource Participation Agreement," in FERC Docket No. ER20-1902-00, seeking an effective date of July 1, 2020;
- 2.7 WHEREAS, BANC and the CAISO have previously entered into a Dynamic Transfer Balancing Authority Operating Agreement (DTBAOA), which originally became effective on June 28, 2012, to address the technical, operational and regulatory requirements regarding dynamic transfers, both Dynamic Schedules and Pseudo Ties, between the BANC and CAISO BAs in compliance with applicable NERC and WECC reliability standards and Good Utility Practice;

**Deleted:** in order to effectuate a commercial arrangement allowing Sutter to operate its

**Deleted:** power plant, Sutter, WAPA, the California Independent System Operator Corporation (CAISO) and BANC have taken certain actions to temporarily suspend SEC's participation in the CAISO Balancing Authority through a pseudo-tie arrangement, and instead, SEC will become

**Deleted:** Effective Date

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**Deleted:** with respect to Phase 1 Operation, as defined herein, SEC will be

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**Deleted:** as part of this change in balancing authorities, certain rights and obligations will need

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**Deleted:** between the Parties; and

**Deleted:** WHEREAS, this Agreement, along with its appendices and exhibits, contains

**Deleted:** agreed upon terms and conditions respecting Sutter's participation and

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2.8 WHEREAS, prior to the BAPA, all of SEC’s output was pseudo-tied to the CAISO BAA from the BANC BAA under the terms of the DTBAOA;

2.9 WHEREAS, the DTBAOA satisfies the inter-BA responsibilities of the SEC Split Resource (and pseudo-tie) between the BANC and CAISO BAAs; and

2.10 WHEREAS, this Agreement is intended to address the rights and obligations between the BANC BA, as the host BA to the SEC, and SEC, as a resource within the BANC BA, with respect to SEC operations,

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**NOW THEREFORE**, in view of the understandings set forth in the recitals above, which the Parties acknowledge and agree are accurate representations of the facts, the Parties agree to the terms of this Agreement that set forth the roles, obligations, and responsibilities of each Party to one another.

### 3 DEFINITIONS

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved NERC Glossary of Terms used in NERC Reliability Standards, the NERC Functional Model, the CAISO Tariff or as commonly used and accepted in industry.

3.1 **Balancing Authority** shall mean the responsible entity that integrates resource plans ahead of time, matches generation and load, maintains interchange with other Balancing Authority Areas, and maintains frequency in real time of the electric power systems.

3.2 **Balancing Authority Area** shall mean the collection of generation, transmission, and loads within the metered electrical boundaries of the Balancing Authority.

3.3 **Balancing Authority Participation Agreement or BAPA** has the meaning set forth in Section 2.1.

3.4 **CAISO Tariff** shall mean the CAISO’s open access transmission tariff filed with, and approved by, FERC, as that tariff may be amended from time-to-time.

3.5 **Commission** shall mean the “BANC Commission,” as established in the BANC Joint Powers Agreement, as that agreement may be amended from time-to-time.

3.6 **Confidential Information** shall mean : (a) all written materials marked “Confidential,” “Proprietary,” or with words of similar import provided to a Party by another Party; and (b) all observations of equipment (including computer screens) and oral disclosures related to a Party's systems, operations, or activities that are indicated as such at the time of observation or disclosure (or are identified as "confidential" or "proprietary" in a letter sent to another Party no later than five (5) calendar days after the disclosure), respectively. Confidential Information includes portions of

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documents, records, and other material forms or representations that any Party may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

3.7 **EIM Entity** shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time. BANC is the EIM Entity under this Agreement.

3.8 **Electric System** shall mean all properties and assets that are owned or operated by a Party, including any interests in joint powers agency facilities, that are used for or pertain to the generation, transmission, transformation, or distribution of electric power, including all additions, replacements, extensions, expansions, improvements, and betterments thereto, and equipment associated therewith. Communication systems and equipment associated with operation of the Electric System shall be included as part of a Party's Electric System. To the extent a Party is not the sole owner of an asset or property, only that entity's ownership portion or entitlement in such property shall be considered as a part of its Electric System.

3.9 **Energy Imbalance Market or EIM** shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time.

3.10 **Extended Day Ahead Market or EDAM** shall mean, generally, the CAISO's proposed market design whereby the EIM would be extended to include the CAISO's Day Ahead Market for Balancing Authority Areas participating as EIM Entities.

3.11 **FERC** shall mean the "Federal Energy Regulatory Commission," or its successor.

3.12 **First Confirmation Agreement** shall mean the commercial confirmation agreement executed on December 15, 2017, between SMUD and Calpine Energy Services, L.P., pursuant to the WSPP Agreement, which details the commercial terms for Phase 1 Operation, as subsequently amended and modified, and that of which expires at midnight, October 31, 2020.

3.13 **NERC** shall mean the "North American Electric Reliability Corporation," or its successor.

3.14 **Phase 1 Operation** shall mean the delivery of products dedicated to SMUD under the terms of the First Confirmation Agreement, including required commissioning and testing activities for SEC. To enable Phase 1 Operation, SEC is operated as an internal SMUD system resource in accordance with the relevant Phase 1 Operation Enabling Agreements.

3.15 **Phase 1 Operation Enabling Agreements** shall mean the agreements among and between Sutter, WAPA, BANC, and SMUD that enabled Phase 1 Operation. The Phase 1 Operation Enabling Agreements are set forth in Exhibit A to this Agreement.

3.16 **Phase 2 Operation** shall mean the operation of SEC up to its full interconnection capacity of 550 MW, which will be conducted under the terms of the Split Resource Participation Agreement between Sutter and the CAISO.

**Deleted:** ~~Confirmation Agreement~~ shall mean the commercial confirmation agreement executed on December 15, 2017, between SMUD and Calpine Energy Services, L.P., pursuant to the WSPP Agreement, which details the commercial terms for Phase 1 Operation.

**Moved down [1]:** ~~Energy Imbalance Market or EIM~~ shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time.

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3.17 Phase 2 Operation Enabling Agreements shall mean the agreements among and between Sutter, WAPA, BANC, and SMUD that enable Phase 2 Operation. The Phase 2 Operation Enabling Agreements are set forth in Exhibit B to this Agreement.

3.18 Pseudo Tie shall have the meaning set forth in the CAISO Tariff as that tariff may be amended from time to time.

**3.19 Reliability Standards** shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by FERC under Section 215 of the Federal Power Act and WECC applicable Regional Criteria referenced in FERC-approved Reliability Standards.

3.20 Split Resource shall mean the dividing of SEC physical resource into two separate units through the use of logical metering which would allocated in a manner consistent with the Split Resource Participation Agreement.

3.21 Split Resource Participation Agreement shall mean that agreement, approved by FERC, describing the operational relationship between the Split Resources, the Split Resource owner, Sutter, and the CAISO.

**3.22 Sub-Balancing Authority Areas** shall mean sub balancing authority areas that are part of the BANC Balancing Authority Area, which at present includes the collection of generation, transmission, and loads within the metered electrical boundaries of WAPA and SMUD, respectively.

**3.23 WECC** shall mean the “Western Electricity Coordinating Council,” or its successor.

#### 4 TERM AND TERMINATION

##### 4.1 Effective Date

The Agreement shall be effective upon the later of: 1) the execution by the last Party; or 2) FERC approval of the CAISO Split Resource Participation Agreement in a form acceptable to SEC in its sole discretion, (the “Effective Date”).

##### 4.2 Term

This Agreement shall become effective upon the Effective Date and shall remain in effect until terminated in accordance with Section 4.3.

##### 4.3 Termination

This Agreement may be terminated by a Party upon ninety (90) days advanced written notice to the other Party; provided that such termination shall not be effective against Sutter, unless and until Sutter provides notice to BANC that Sutter has obtained agreements with and transitioned to a replacement Balancing Authority that has certification to provide

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**Deleted:** through December 31, 2019; provided, however, that this Agreement may be extended annually thereafter by the mutual agreement of Parties, provided that, unless otherwise agreed upon by the Parties in writing, any such extension will be null and void unless the Phase 1 Operation Enabling Agreements, as defined herein, are also extended for the same term. Notwithstanding the foregoing, this term may be modified by the Parties in accordance with Section 7

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balancing authority services to or for SEC. Notwithstanding the foregoing, Sutter shall use reasonable efforts to obtain such agreements and transition to a replacement Balancing Authority.

This Agreement may also be terminated, if after the Effective Date, FERC subsequently modifies its approval of, or terms or conditions associated with, the Split Resource Participation Agreement in a manner unacceptable to SEC in its sole discretion. For the absence of doubt, in this case, BANC will work with Sutter to amend the BAPA to the extent necessary to maintain the rights and obligations of the Parties under the BAPA.

## 5 BANC AND SUTTER OBLIGATIONS

### 5.1 BANC Obligations

BANC agrees to support Sutter in accordance with the following:

- 5.1.1 Cooperate with the CAISO, Sutter, WAPA and SMUD to effectuate the implementation of the SEC Split Resource Participation Agreement thereby allowing Phase 2 Operation;
- 5.1.2 Comply with all Reliability Standards applicable to its Balancing Authority Area, either directly or through agreements with Sub-Balancing Authority Areas;
- 5.1.3 Work with the CAISO in any efforts to amend Schedule 2 of the CAISO-BANC Dynamic Transfer Balancing Authority Operating Agreement to add SEC as a listed resource;
- 5.1.4 Provide Sutter with clear written directions and requests related to BANC's EIM Entity needs and requirements as they specifically relate to SEC;
- 5.1.5 Upon termination of this Agreement, unless otherwise agreed, cooperate with Sutter to transition Sutter to its former service arrangements with BANC, WAPA and the CAISO;
- 5.1.6 As the BANC Balancing Authority operator, support and address any Energy Management System (EMS) changes to convert SEC from a BANC generating resource in the BANC Balancing Authority Area to a Split Resource able to operate, in either or both the BANC Balancing Authority Area and the CAISO Balancing Authority Area, including addressing and coordinating all BANC Balancing Authority operational requirements for SEC as a generating resource in the BANC Balancing Authority Area;

**Deleted:** transfer of operational oversight from the CAISO Balancing Authority to BANC Balancing Authority

**Deleted:** <#>Cooperate with Sutter in any efforts to obtain for SEC balancing authority area services necessary to support Phase 1 Operation, the agreements for which, as executed, shall be included in or sufficiently described in Exhibit A to this Agreement;

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**Deleted:** <#>remove

**Deleted:** however, any costs related to EIM implementation imposed upon Sutter for SEC shall be addressed and limited, as set forth in the Confirmation Agreement;

**Deleted:** <#>Interpersonal Communication capabilities shall be established and/or maintained between BANC and SEC (per Reliability Standard COM 001-3);

**Deleted:** <#>CAISO

**Deleted:** <#>CAISO

**Deleted:** <#>(through a Pseudo-Tie)

**Deleted:** <#>generating resource

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**5.2 Sutter Obligations**

- 5.2.1 Operate SEC in accordance with Reliability Standards and applicable to Generator Owners and Generator Operators in the BANC Balancing Authority Area;
- 5.2.2 Cooperate with the BANC Balancing Authority operator in providing any information necessary for BANC to meet its Balancing Authority Area Reliability Standards obligations;
- 5.2.3 Follow any operational directives from the BANC Balancing Authority operator, provided that any such directive does not compromise the health and safety of Sutter employees or its Electric System or does not violate any applicable law or permit or the Split Resource Participation Agreement;
- 5.2.4 Cooperate in any compliance investigations by BANC relating to any potential or actual violations of Reliability Standards applicable to the BANC Balancing Authority which directly or indirectly involve SEC;
- 5.2.5 Communicate and coordinate with the relevant Operations Contacts set forth in Appendix 2 SEC planned and forced outage information in accordance with the relevant updated and/or amended Phase 2 Operation Enabling Agreement(s);
- 5.2.6 Promptly provide any information reasonably requested by the BANC Balancing Authority operator related to a major incident involving SEC;
- 5.2.7 Ensure that all Phase 1 Operation Enabling Agreements described in Exhibit A to this Agreement, have been appropriately updated and amended to be consistent with Phase 2 Operation and thereafter provided in Exhibit B, Phase 2 Operation Enabling Agreements;
- 5.2.8 Cooperate with BANC with respect to ongoing EIM operations and possible expansion into a day ahead market framework, currently referred to as the "Extended Day Ahead Market" or "EDAM;"
- 5.2.9 Update the other Party as soon as practicable with respect to changes to the Operation Contacts in Appendix 2.

**Deleted:** <#>Upon request by Sutter based on a valid commercial opportunity, BANC will use reasonable efforts to work with Sutter to address Phase 2 Operation requirements; <#>Notwithstanding the foregoing, BANC will not be required to support a Phase 2 Operation that, in its judgement, would impair the reliable operation of the BANC Balancing Authority; <#>Update the other Party as soon as practicable with respect to changes to the Operation Contacts in Appendix 2.

**Deleted:** , including but not limited to:

**Deleted:** <#>Establishing and maintaining Interpersonal Communication capabilities between BANC and SEC per Reliability Standard COM 001-3, or its successor standard; and <#>Providing any data and information required by the BANC Balancing Authority to comply with its obligations under Reliability Standard EOP-011-1, or its successor standard;

**Deleted:** 1 Operation Enabling Agreement(s); Communicate with the relevant Operations Contacts set forth in Appendix

**Deleted:** operating status information in accordance with the relevant Phase 1

**Deleted:** Arrange services and service agreements for the provision of Balancing Authority Area services to support SEC, and such agreements shall be included in or sufficiently

**Deleted:** ; for the avoidance of doubt, such services arrangements and agreements for Phase 1 Operation shall be

**Deleted:** SMUD

**Deleted:** implementation; provided, however, that all such cooperation is consistent with Sutter's obligations in the Confirmation Agreement; and

**6 ADDITIONAL ACKNOWLEDGEMENTS**

The Parties further acknowledge the following:

- 6.1 BANC is currently not a transmission service provider and does not have an Open Access Transmission Tariff (OATT), and therefore, unless and until BANC enters into arrangements to provide such services, BANC is not responsible for the provision of any transmission services, including, but not limited to, generator imbalance service or

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transmission rights. Sutter and/or its counterparties are solely responsible for transmission services for the delivery of the products in Phase 2 Operation.

**Deleted:** SMUD is solely responsible to contract for any OATT-based transmission services for delivery of the products in Phase 1 Operation.

- 6.2 BANC is not an energy service provider or a load serving entity; therefore, unless and until BANC enters into arrangements to provide such services, BANC cannot provide station service power for SEC. Sutter is solely responsible to arrange for station service power through a third party services provider.

**Deleted:** For purposes of Phase 1 Operation, the services provider for station service power shall either be self-supplied by Sutter, or an affiliate of Sutter, through exports from the CAISO or by SMUD.

## 7 COSTS AND COMPENSATION

Neither Party shall be responsible for any costs incurred in the performance of this Agreement, unless otherwise agreed to, in writing, between the Parties.

**Deleted:** <#>This Agreement solely addresses Phase 1 Operation, and any potential Phase 2 Operation may require amendment(s) to this Agreement, as determined by the Parties, and will require additional arrangements with a third party (or parties) for the delivery of a portion of the SEC plant output to a third party. Any Potential Phase 2 Operation may also impose additional costs and/or obligations on Sutter or the third party, including, but not limited to, new or additional station service needs, transmission service and imbalance service.

## 8 LIABILITY

### 8.1 General

Except for any loss, damage, claim, cost, charge, or expense resulting from gross negligence or intentional misconduct, or for the nonpayment of monies due, neither Party, its directors, members of governing bodies, officers, employees, or agents shall be liable to the other Party for any death, injury, loss, damage, claim, cost, charge, or expense of any kind or nature incurred by the other Party, including, without limitation, direct, indirect, or consequential loss, damage, claim, cost, charge, or expense; and whether or not resulting from the negligence of any Party, its directors, members of governing bodies, officers, employees, or any person or entity whose negligence would be imputed to such Party from the performance or non-performance of the obligations under the Agreement. Except for any death, injury, loss, damage, claim, cost, charge, or expense resulting from willful action, each Party releases the other Party, their directors, members of governing bodies, officers, employees, or agents from any such liability.

<#>FAILURE TO EXECUTE PHASE 1 OPERATION ENABLING AGREEMENTS OR TO ACHIEVE PHASE 1 OPERATION

<#>Parties agree to meet and confer in good faith and amend this Agreement, to the extent necessary, in the event that the Phase 1 Operation Enabling Agreements are not executed on or before March 1, 2018, or there is a failure to achieve Phase 1 Operation by April 1, 2018.

### 8.2 Reliability Standards

BANC shall be responsible for addressing all violations of applicable Reliability Standards or directives from an enforcement authority applicable to the BANC Balancing Authority. Nothing in this Section relieves Sutter from its obligations under Section 5.2 of this Agreement.

## 9 CONFIDENTIALITY

### 9.1 Treatment of Confidential Information

The Parties recognize and agree that for the purposes of complying with applicable Reliability Standards and responding to any report or notice of potential violation, they may receive information from each other that has been marked as Confidential Information.

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Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the other Party. Except with respect to the review of a BANC internal compliance investigation report for which the SEC was directly or indirectly involved in the underlying alleged violation of a Reliability Standard applicable to the BANC Balancing Authority, for purposes of this Section 10, except as expressly agreed to by Sutter in writing, members of BANC are not a Party with whom Confidential Information of Sutter may be shared.

### 9.2 Required Disclosure of Confidential Information

As required by subpoena, the California Public Records Act, or any other binding legal or regulatory process(es), the Parties may be required to disclose Confidential Information so designated by the other Party. Compliance with a subpoena, request(s) under the California Public Records Act, or other binding legal or regulatory process(es) shall not constitute a breach of this Agreement. If either Party is required to disclose any Confidential Information so designated by the other Party, the disclosing Party shall notify the other Party in writing as promptly as feasible so that the other Party may, if it so chooses and at its own expense, challenge the disclosure or seek a protective order. The disclosing Party shall reasonably cooperate in resolving the dispute.

### 9.3 Third Parties

Except as set forth herein, each Party shall keep Confidential Information in confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity other than its employees, consultants, or attorneys without the prior written consent of the other Party. Each Party will cause each of its employees, contractors, sub-contractors, sub-contractors' employees, and agents who will have access to Confidential Information, if any, to acknowledge that they have read this Agreement and agree to abide by all of its terms regarding the use and disclosure of Confidential Information.

## 10 DISPUTE RESOLUTION

In the event of any dispute regarding the terms, conditions and performance of this Agreement, the Parties shall attempt in good faith to promptly resolve any such dispute informally by negotiations between an executive representative, or his or her delegate, from each Party. If the matter cannot be resolved informally, any Party shall proceed as follows:

### 10.1 Mediation

Either party may initiate a mediation of the controversy. All negotiations, settlement conferences, compromise discussions, and any mediation conducted pursuant to this clause are non-binding, confidential, and shall be treated as compromise and settlement negotiations.

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## 10.2 Arbitration

In the absence of a voluntary resolution reached in accordance with this Section, then the Parties may submit the dispute for arbitration before a single arbitrator in accordance with the provisions of this Section and in accordance with the Commercial Arbitration Rules of the American Arbitration Association (Rules).

## 10.3 Fees

The fees and expenses of any arbitrator will be shared equally by the Parties.

## 10.4 Notice of Arbitration

Any Party desiring arbitration will serve on the other Party and the San Francisco, California office of the American Arbitration Association, in accordance with the Rules, its notice of intent to arbitrate (Arbitration Notice). In no event may a dispute be commenced under this Section regarding the terms, conditions and performance of this Agreement later than three (3) months before the applicable statutes of limitations would run upon institution of legal or equitable proceedings based on such dispute, controversy, or claim. In order to meet the time period for filing a claim under California Government Code Section 911.2, the time period for filing a claim shall be tolled from the date of filing an Arbitration Notice pursuant to this Subsection.

## 10.5 Appointment of Arbitrator

If the Parties cannot agree on an arbitrator, then the Parties shall make application to the San Francisco, California office of the American Arbitration Association for the appointment of a single arbitrator who shall serve as the arbitrator under this Section.

## 10.6 Conduct of the Arbitrator

The arbitrator selected to act hereunder shall be qualified by education, experience, and training to pass upon the particular controversy in dispute. The arbitrator shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the controversy in issue. The arbitrator will determine all questions of fact and law relating to any dispute, controversy or claim that arises under, out of, or in relation to the Agreement. The arbitration shall be held and completed no later than three (3) months following the Arbitration Notice provided in Section 11.4. The arbitrator shall determine the matters submitted to him or her pursuant to the provisions of this Agreement and render a decision thereon no later than sixty (60) calendar days after the arbitration has been completed.

## 10.7 Finality and Enforcement of Decision

Any decision or award of an arbitrator shall govern, and the decision in writing shall be final, non-appealable, and binding on the Parties, subject to vacation only as expressly set forth under the provisions of Part 3 of Title 9 of the California Code of Civil Procedure

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(and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9). Each of the Parties hereto agrees that the arbitrator's award may be enforced against it or its assets wherever they may be found and that a judgment upon an arbitrator's award may be entered in any court having jurisdiction thereof. The arbitration award may be confirmed and judgment entered in accordance with the provisions of Part 3 of Title 9 of the California Code of Civil Procedure (and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9).

#### **10.8 Damages and Equitable Relief**

With the exception of consequential damages, the arbitrator shall have the power to award damages, or equitable relief, including specific performance.

#### **10.9 Continuing Performance Obligations**

While a dispute, controversy, or claim is pending, each Party will continue to perform its respective obligations under the Agreement, unless such Party is otherwise entitled to suspend its performance hereunder or terminate the Agreement in accordance with the terms hereof.

### **11 AMENDMENT**

Except as specified above and in the attached exhibits, which shall be amended in accordance with the terms set forth therein, this Agreement may only be amended or otherwise modified with the written agreement of the Parties.

### **12 GOVERNING LAW**

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

### **13 NO THIRD PARTY BENEFICIARIES**

No right or obligation contained in this Agreement shall inure to the benefit of any person or entity not a Party to this Agreement. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any third party, including members of BANC.

### **14 ASSIGNMENTS**

BANC or Sutter may make an assignment of its rights and obligations under this Agreement only after obtaining the written consent of the other Party, which consent shall not be unreasonably

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withheld. A Party's assignee shall expressly assume, in writing, the duties and obligations of such Party under this Agreement and shall immediately furnish or cause to be furnished to the other Party a true and correct copy of the documents evidencing such assignment and assumption of duties and obligations. The assigning Party shall give notice to and provide the other Party with a copy of the documents evidencing such proposed assignment no less than thirty (30) calendar days prior to the proposed effective date of the assignment. Each Party shall give notice of its consent or denial of consent within such thirty (30) day period in accordance with Section 22 of this Agreement.

## 15 NO EXCLUSIVE REMEDY

Subject to the provisions of Section 11 (Dispute Resolution), no remedy in this Agreement conferred upon or reserved to any Party is intended to be exclusive of any other remedy or remedies available under this Agreement or existing at law, in equity, by statute, or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other remedy under this Agreement or now or hereafter existing at law or in equity or otherwise provided by statute. The pursuit by any Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or at law, in equity, by statute, or otherwise.

## 16 UNCONTROLLABLE FORCE

- 16.1** No Party shall be considered to be in default in the performance of any of its obligations when a failure to perform is due to an Uncontrollable Force.
- 16.2** No Party shall be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of an Uncontrollable Force. The term "Uncontrollable Force" for the purpose of this Agreement shall mean any cause beyond the control of the Party affected, including but not limited to flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid. Any Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise commercially reasonable efforts to remove such inability with all reasonable dispatch.
- 16.3** Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved.
- 16.4** In the event a Party is rendered unable to fulfill any of its obligations under this Agreement by reason of an Uncontrollable Force, such Party shall give prompt written notice of such fact to the other Party and shall seek to remove such inability with all reasonable dispatch.

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## 17 JUDGEMENTS AND DETERMINATIONS

When the terms of this Agreement provide that an action may or must be taken, or that the existence of a condition may be established, based on a judgment or determination of a Party, such action or judgment shall be exercised or such determination shall be made in good faith and where applicable in accordance with Good Utility Practice, and shall not be arbitrary or capricious.

## 18 NON-WAIVER

Any waiver at any time by a Party of its rights with respect to any default or other matter arising in connection with this Agreement shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

## 19 SEVERABILITY

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

## 20 NO DEDICATION OF FACILITIES

Any undertaking by a Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication of its Electric System or any portion thereof by the undertaking Party to the public, to any other Party, or to any third party, and any such undertaking by a Party shall cease upon the termination of such Party's obligations under this Agreement. The Electric System of a Party shall at all times be, and remain, in the exclusive ownership, possession, and control of that Party, and nothing in this Agreement shall be construed to give the other Party any right of ownership, possession, or control of such Electric System.

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**21 NOTICES**

Any notice, demand, or request in accordance with this Agreement, shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by first class United States mail, postage prepaid, by confirmed electronic facsimile or by prepaid commercial courier service to a Party via its representative or alternate representative at the address set forth in Appendix 1, unless otherwise provided in this Agreement. Any Party may at any time change the designation or address of a person, or persons, specified in Appendix 1 or Appendix 2 upon written notice to the other Party designated for such notice. Such written notice shall further be provided to the BANC Compliance Officer and the BANC General Counsel. Such changes to Appendix 1 or Appendix 2 shall not constitute an amendment to this Agreement.

**22 PRESERVATION OF OBLIGATIONS**

Upon termination of this Agreement, all unsatisfied obligations of each Party shall be preserved until satisfied.

**23 APPENDICES AND EXHIBITS MADE PART OF AGREEMENT**

Referenced Appendices and Exhibits shall become a part of this Agreement; however, may be amended as provided above and individually therein. The initial Appendices 1 and 2 and Exhibit A are attached hereto, and shall be in force and effect in accordance with their respective terms until superseded by a subsequent appendix or exhibit or modified in accordance with this Agreement and the terms thereof.

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**24 MULTIPLE COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

**25 SIGNATURE CLAUSE**

The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign.

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IN WITNESS THEREOF, the Parties have executed this Agreement and it is effective as of the Effective Date set forth in Section 4.1.

**Balancing Authority of Northern California**

By: \_\_\_\_\_

Name: James R. Shetler

Title: General Manager

Date: \_\_\_\_\_

**CCFC Sutter Energy, LLC**

By: \_\_\_\_\_

Name: Alexandre B. Makler

Title: Vice President

Date: \_\_\_\_\_

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## Appendix 1 – Notices

### CCFC Sutter Energy, LLC

Name of Primary Representative:	Scheduling
Title:	West Pre-Schedule
Company:	CCFC Sutter Energy, LLC
Address:	717 Texas Avenue, Suite 1000
City/State/Zip Code:	Houston, TX 77002
Email Address:	WestPreschedule@calpine.com
Phone:	(713) 830-8684 / (713) 830-8325 / (713) 830-2039 Satellite-Enabled Phone – 480-756-8188
Fax:	

Name of Alternative Representative:	West Real Time Group
Title:	Real-Time Operations
Company:	CCFC Sutter Energy, LLC
Address:	717 Texas Avenue, Suite 1000
City/State/Zip Code:	Houston, TX 77002
Email Address:	wrtg@calpine.com
Phone:	(713) 830-8930 / (713) 830-8793
Fax:	

Name of Alternative Representative:	Gevan Reeves
Title:	Vice President
Company:	CCFC Sutter Energy, LLC
Address:	3003 Oak Road, Suite 400
City/State/Zip Code:	Walnut Creek, CA 94597
Email Address:	greeves@calpine.com
Phone:	(925) 557-2254
Fax:	(925) 479-9608

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### Balancing Authority of Northern California

Name of Primary Representative:	James R. Shetler
Title:	General Manager
Company:	Balancing Authority of Northern California
Address:	P.O. Box 15830, MS D109
City/State/Zip Code:	Sacramento, CA 95852-1830
Email Address:	jimshetler@thebanc.org
Phone:	(916) 870-3774
Fax:	

**Deleted:** [REDACTED]

Name of Alternative

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Amended and Restated\_BANC\_Sutter\_BA\_Participation\_Agreement\_Appendix 1 **XX XX XX**

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Representative:	C. Anthony Braun
Title:	General Counsel
Company:	Braun Blaising Smith Wynne, P.C.
Address:	915 L Street, Suite 1480
City/State/Zip Code:	Sacramento, CA 95814
Email Address:	braun@braunlegal.com
Phone:	916-326-5812
Fax:	916-330-4337

This Appendix 1 may be updated as needed by either Party without formal amendment to this Agreement. Any changes will be provided to all individuals listed herein. Email may be used to communicate the revisions.

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Amended and Restated\_BANC\_Sutter\_BA\_Participation\_Agreement\_Appendix 1 XX XX XX

## Appendix 2 – Operations Contacts

### CCFC Sutter Energy, LLC

<b>Primary Interpersonal Communication:</b>	
Calpine West Desk Real Time CICS0 IP Phone	713-830-8930 713-830-8793
Calpine West Desk Real Time Operations Email Address:	Westgen2@calpine.com
Calpine West Desk Day Ahead Scheduling CISCO IP Phone	713-830-8325 713-830-8684
Calpine West Desk Day Ahead Scheduling Email Address	WestPreschedule@calpine.com
<b>Alternate Interpersonal Communication:</b>	
Satellite-Enabled Phone	480-756-8188

### Balancing Authority of Northern California (BANC Operator – SMUD System Operations)

<b>Real-Time Operations:</b>	
Balancing Area Desk (Shift Senior):	916-732-6730
Generation (AGC) Desk (Real-Time Outages):	916-732-6225
Outage Coordination:	To Be Added
Interchange Authority:	916-732-6739
Transmission Desk:	916-732-5964
Fax:	916-732-6313
<b>Day Schedule Operations:</b>	
Director, Grid Operations:	916-732-5451 (Mark Willis)
Manager, Power System Operations:	916-732-6697 (Norm Szczepanski)

This Appendix 2 may be updated as needed by either Party without formal amendment to this Agreement. Any changes will be provided to all individuals listed herein. Email may be used to communicate the revisions.

**EXHIBIT A: Description of “Phase 1 Operation Enabling Agreements”**

<b>WAPA Contracts</b>	<b>Description</b>
17-SNR-02107	Funding agreement to compensate WAPA for the activities it performs to assist in the pseudo-tie of the SEC to the SMUD Sub-Balancing Authority Area.
18-SNR-02117	Cooperation Letter of Agreement between WAPA and CCFC Sutter Energy, LLC under which the parties acknowledge and agree to use good faith efforts to either consent, when appropriate in WAPA’s case, or to execute the necessary agreements and arrangements necessary to effectuate the transfer of SEC to the BANC Balancing Authority Area, and to effectuate the SEC-SMUD Transaction on or before February 22, 2018.
04-SNR-00739 Exhibit E, Revision 5	Updates the contingency reserve obligations between WAPA and SMUD to reflect changes needed as the result of the SEC’s pseudo-tie to the SMUD Sub-Balancing Authority Area.
92-SAO-400007 Exhibit A, Revision 5	Updates the points of delivery under the transmission contract to allow for the O’Banion 230-kV Substation to be recognized as a point of delivery for station service needs of the SEC.
18-SNR-02116	Documents the coordination necessary between SMUD and WAPA to implement the operation of the SEC power plant under a power supply arrangement executed between SMUD and Calpine Energy Services, L.P.
14-SNR-01858	WAPA Open-Access Tariff Enabling Agreement, enables SMUD requests for monthly point-to-point transmission service to provide for delivery of Sutter energy output to SMUD. SMUD to arrange using WAPA-SNR OASIS.
<b>SMUD Contracts</b>	
SMUD-CCFC Sutter Energy, LLC SBA Pseudo- Tie Implementation LOA (K642)	Cooperation Letter of Agreement in which SMUD and CCFC Sutter Energy, LLC agree to work together to implement the transfer of the SEC to the SMUD Sub-Balancing Authority Area by February 22, 2018 and for coordination of initial plant operation and Phase 2 Operation. Includes terms of station service to SEC (either by SMUD or self-provided).
SMUD-WAPA SBA Pseudo-Tie Implementation LOA (K643)	Cooperation Letter of Agreement in which SMUD and WAPA agree to work together to implement the transfer of the SEC to the SMUD Sub-Balancing Authority Area by February 22, 2018 and for coordination of initial plant operation and Phase 2 Operation.
<b>CAISO Filing(s)</b>	
CAISO Docket No. ER 18-474- 000	Informational filing (December 19, 2017) of update to technical information contained in Schedule 1 to the Pseudo Participating Generator Agreement between the CAISO and CCFC Sutter Energy, LLC (note: the filing was made to effectuate a suspension of the Pseudo-Tie of the SEC generating resource into the CAISO Balancing Authority Area).

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**Amendments**

This Exhibit A may be supplemented from time-to-time as determined by the Parties without formal amendment to this Agreement. Any changes to this Exhibit A shall described in writing and transmitted to all Parties to the Agreement within seven (7) business days.

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**EXHIBIT B: Description of “Phase 2 Operation Enabling Agreements”**

1. CAISO-CCFC Sutter Energy, LLC Split Resource Participation Agreement, effective July 1, 2020 (FERC Docket No. ER20-1902-000, filed April 30, 2020, approved by FERC, XXXX )

**TO BE ADDED: AMENDED OR REVISED AGREEMENTS AS STILL APPLICACABLE**

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